

---

***Mid-State Solid Waste and Recycling***  
**SOLID WASTE RATE REVIEW**



**San Luis Obispo County**  
***North County Area***

**October 2016**

**William C. Statler**

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

---

---

Mid-State Solid Waste and Recycling  
**SOLID WASTE RATE REVIEW**  
October 2016

**TABLE OF CONTENTS**

Report Purpose	1
Summary of Key Findings and Recommendations	2
Rate Recommendations	3
Rate Review Workscope	4
Revenue and Rate-Setting Objectives	4
Cost Accounting Issues	5
Financial Overview	6
Rate-Setting Process	7
Base Year and Interim Year Reviews	7
Rate-Setting History	7
Rate-Setting Methodology	8
Are the costs reasonable?	8
What is a reasonable return on these costs?	9
Preparing the Rate Request Application	9
Rate Request Summary	10
Implementation	10
Rates in Other County Communities	11
Cost of Living Trigger Option	12
Miscellaneous Fees	13
Summary	13

**APPENDIX**

- A. Base Year Rate Request Application from Mid-State Waste and Recycling
- B. Proposed Fees, All Services

## William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

### Mid-State Solid Waste and Recycling **SOLID WASTE RATE REVIEW** San Luis Obispo County: North County Area

#### REPORT PURPOSE

The purpose of this report is to review Mid-State Solid Waste and Recycling's (Mid-State) rate increase request for the North County area in accordance with applicable Franchise Agreement provisions regarding rate increase applications in this area and to make rate recommendations to the County as appropriate.

**Rate Review Process Overview.** In April 2016 (subsequently amended in May, August and September 2016), Mid-State submitted a *Base Year* rate increase request to the County for the unincorporated areas serviced by Mid-State in the North County area. As part of its application, Mid-State also requested changes in its rate structure between urban and rural residential accounts, which they believe will better reflect service costs and be revenue-neutral.

The County's Franchise Agreement with Mid-State provides for a triennial *Base Year* rate application (Section 9.2.2.2) and requires that: "With said application, Franchisee shall submit any and all data or information requested by, and in the format prescribed by, County."

Section 9.3 of the Franchise Agreement also sets forth the general methodology for assessing the reasonableness of proposed rate increases: "During the rate review process, the allowable profit on expenses shall be calculated using targeted operating ratio of ninety-three percent (93%), with a range of ninety-one percent (91%) to ninety-five percent (95%), applied to Franchisee's reasonable and necessary allowable costs incurred in the performance of its obligations under this Agreement."

Under these provisions, the County decided to use a rate review methodology similar to that used by other cities and special districts in the county, and recently used by the County in reviewing rates in the Los Osos area. This methodology is based on the City

#### North County Service Area

Unincorporated areas covered by the County's franchise agreement with Mid-State include:

- Santa Margarita
- Creston
- Pozo
- La Panza
- Park Hill
- Huer Guero
- Areas outside of the Templeton Community Services District
- Areas outside of the City of Atascadero

of San Luis Obispo *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates* (Rate Manual).

## SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

- **Compliance with Supporting Documentation Requirements.** Mid-State has provided the supporting documentation required for rate requests under the its Franchise Agreement with the County. As discussed below, the August 2016 rate increase application has been correctly prepared.
- **Proposed overall rate increase of 12.4% in compliance with the rate-setting methodology.** The requested 12.4% rate increase is based on the allowed rate increase as set forth in the Rate Manual. Accordingly, it is recommended that the County approve the requested overall revenue increase of 12.4%.
- **Main driver for rate increase: current revenue losses.** Cost increases play a minor role in the requested rate increase: total costs are projected to increase by a modest 2.5% from 2015 to 2016. The main driver is current revenue losses. Under the Franchise Agreement, the operating profit target is 93% of allowable costs. As reflected on page 2 of the rate application (Appendix A), the allowable profit ratio in 2015 was *negative* by \$38,960 (103.7% versus target of 93%). If the 93% target ratio had been achieved, this would have resulted in a difference of \$121,392 in cost recovery. In short, about 80% of the proposed rate increase is for current revenue losses. There is no provision in the Franchise Agreement or Rate Manual to recover past revenue losses. However, resetting the revenue base for 2016 will assist in achieving the target cost recovery in the future.
- **Proposed rate structure is reasonable and revenue neutral: 9% rate increase for “urban customers” and 15% for “rural customers.”** Mid-State’s request to restructure rates for all of its urban and rural accounts is reasonable: it is likely that there are greater service cost differentials between these two types of accounts than reflected in current rates, where rate differential is very modest: about 3.5%. Since collection costs are the largest component of total system costs, it makes sense that higher density areas will be less costly to service than lower density areas. With the proposed rate structure, the rate differential between urban and rural customers will increase modestly to about 9%. Along with about 200 multi-family and 250 non-residential accounts, there are about 2,000 single family residential accounts in this service area, split just about 50/50 between urban and rural customers. Based on a detailed, account-by-account analysis by Mid-State, the new rate structure will be revenue neutral: it will generate the same amount of revenue as a 12.4% across-the-board increase.
- **Proposed rate increase is higher than cost of living threshold that would “trigger” the *option* of terminating the Franchise Agreement within nine months after rate approval.** Section 9.1.7 of the Franchise Agreement provides the County with an *option* to terminate the agreement within nine months of an approved rate increase that is greater than the cumulative increase in the cost of living as measured by the Consumer Price Index for all urban consumers in the Los Angeles-Riverside-Orange County area (CPI-U) from the date of the Franchise Agreement (June 17, 2014). The CPI-U for this area increased by 2.6% from June 2014 to August 2016 (the most recent CPI-U release). It is

important to note that this “trigger” calculation does not limit the allowable rate increase that Mid-State may request – and the County may approve – under the methodology set forth in the Franchise Agreement.

- **Do not pursue trigger option.** If the County approves the proposed rate increase, it is recommended that it also make findings at the same time that it will not pursue the “trigger” option for the three-year rate period covered by the request. The County made a similar finding in approving Mission Country Disposal rate increase for the Los Osos area of 10.37% in March 2013.

**RATE RECOMMENDATIONS**

It is recommended that the County adopt Mid-State’s requested *Base Year* rate increase for 2016, which reflects a 12.4% increase in revenues. As discussed below, Mid-State has requested a revised rate structure with a greater differential between urban and rural customers.

**Proposed Rates without Restructuring.** Tables 1A and 1B summarize the current and proposed rates for single family residential (SFR) customers in meeting revenue requirements if the 12.4% increase was implemented across-the-board rather than with the proposed restructuring. (All rates are rounded to the nearest \$.05.)

**Table 1A. Single Family Residential Rates without Restructuring: Urban**

Container Size	Current	Proposed	Increase
32 Gallons	\$32.00	\$35.95	\$3.95
64 Gallons	46.30	52.05	5.75
96 Gallons	61.75	69.40	7.65

**Table 1B. Single Family Residential Rates without Restructuring: Rural**

Container Size	Current	Proposed	Increase
32 Gallons	\$33.15	\$37.25	\$4.10
64 Gallons	48.10	54.05	5.95
96 Gallons	64.06	72.00	7.94

**Rate Restructuring.** Tables 2A and 2B show revised SFR rates under the propose rate restructuring, where urban customers will see a rate increase of 9% and rural customers an increase of 15%.

**Table 2A. Single Family Residential Rates with Restructuring: Urban**

Container	Current	Proposed	Increase
32 Gallons	\$32.00	\$34.90	\$2.90
64 Gallons	46.30	50.45	4.15
96 Gallons	61.75	67.30	5.55

**Table 2B. Single Family Residential Rates with Restructuring: Rural**

Container	Current	Proposed	Increase
32 Gallons	\$33.15	\$38.10	\$4.95
64 Gallons	48.10	55.30	7.20
96 Gallons	64.06	73.65	9.59

With this rate restructuring, about half of the SFR customers will see the 9% increase and about half the 15% increase. While the rate restructuring is based on a detailed account-by-account analysis in assuring revenue neutrality, a quick “reasonableness” check reinforces the revenue neutrality of the proposed restructuring. Of the 1,988 SFR accounts, 1,023 are urban customers and 965 are rural (51%/49%). With this even split, the average of 9% and 15% is 12%: very close to the 12.4% across-the-board increase without restructuring.

While the examples above are for SFR accounts, all customers will be affected by the proposed rate increases.

### **RATE REVIEW WORKSCOPE**

This report addresses four basic questions:

- Should Mid-State be granted a rate increase? And if so, how much?
- How much does it cost to provide required service levels?
- Are these costs reasonable?
- And if so, what is a reasonable level of return on these costs?

The following documents were closely reviewed in answering these questions:

- Franchise agreement
- Audited financial statements for Mid-State for 2014 and 2013
- Accountant’s Compilation Report for 2015
- City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates* (Rate Manual)
- Mid-State rate increase application and supporting documentation, including detailed cost allocations and rate structure analysis
- Follow-up interviews, correspondence and briefings with Mid-State and County staff
- Rate surveys of county communities

### **REVENUE AND RATE SETTING OBJECTIVES**

In considering Mid-State’s rate increase request, the following are the revenue and rate setting objectives for solid waste services set forth in the Rate Manual.

**Revenues.** These should be set at levels that:

- Are fair to customers and the hauler.
- Are justifiable and supportable.
- Ensure revenue adequacy.
- Provide for ongoing review and rate stability.
- Are clear and straightforward for the agency and hauler to administer.

**Rate Structure.** Almost any rate structure can meet the revenue principles outlined above and generate the same amount of total revenue. Moreover, almost all rate structures will result in similar costs for the *average* customer: what different rate structures tell us is how costs will be distributed among *non-average* customers. The following summarizes adopted *rate structure* principles for solid waste services:

- Promote source reduction, maximum diversion and recycling.
- Provide equity and fairness within classes of customers (similar customers should be treated similarly).
- Be environmentally sound.
- Be easy for customers to understand.

### COST ACCOUNTING ISSUES

**Mid-State Provides Services to More than Just the County Franchise Area.** Mid-State's financial operations for the North County area are integrated with the Templeton Community Services District (CSD) and its roll-off services. This is not usual. For example, South County Sanitary Service (which is owned by Waste Connections) provides services under separate franchise agreements to the Cities of Arroyo Grande, Grover Beach, Pismo Beach; Community Services Districts in Avila Beach, Nipomo and Oceano; and with the County in other unincorporated areas in the South County area such as rural Arroyo Grande.

Mission Country Disposal (also owned by Waste Connections) provides services under separate franchise agreements to Los Osos, Cayucos, Cambria and San Simeon. This is also the case for San Luis Garbage Company (another company owned by Waste Connections), which provides services in the City of San Luis Obispo and adjacent unincorporated areas under separate franchise agreements. In these cases, since services are similar in the various areas and separating financial operations would not be practical, financial statements for the companies as a whole are used in analyzing costs and revenues under rate increase requests under each franchise area's agreement.

However, as part of its rate increase application, Mid-State has chosen to take a more detailed look at its County franchise operations and has prepared a detailed analysis separating 2015 costs and revenues between the County franchise area, Templeton CSD and roll-off operations. Based on an analysis and high-level reconciliation of the Mid-State 2013 and 2014 audited financial statements, 2015 Compilation Report and detailed 2015 cost allocation analysis, the revenues and costs presented in the rate application provide a reasonable basis for considering Mid-State's rate application.

**Corporate Overhead.** The Rate Manual provides for the recovery of reasonable corporate overhead costs. However, due to revenue losses, Mid-State has not charged for corporate overhead in 2013, 2014 or 2015. After discussions with Mid-State regarding corporate overhead options, an allocation for this of 4% of all other allowable costs is reflected in the rate application. This is based on comparable ratios in three other analyses from the Rate Manual and recent rate reviews for South County Sanitary Service Company in the South County and Mission Country Disposal in the Los Osos area:

**Table 3. Allowable Corporate Overhead Ratios**

	Rate Manual	South County	Los Osos Area	Total
Corporate Overhead	\$120,000	\$331,450	\$85,308	\$536,758
All Other Allowable Costs	3,100,000	7,663,480	2,894,672	13,658,152
<b>Ratio</b>	<b>3.9%</b>	<b>4.3%</b>	<b>2.9%</b>	<b>3.9%</b>

While modest compensation is included in the allowable costs for the General Manager, who is a minor shareholder, no compensation is included in allowable costs for Brad Goodrow, the owner and principal shareholder.

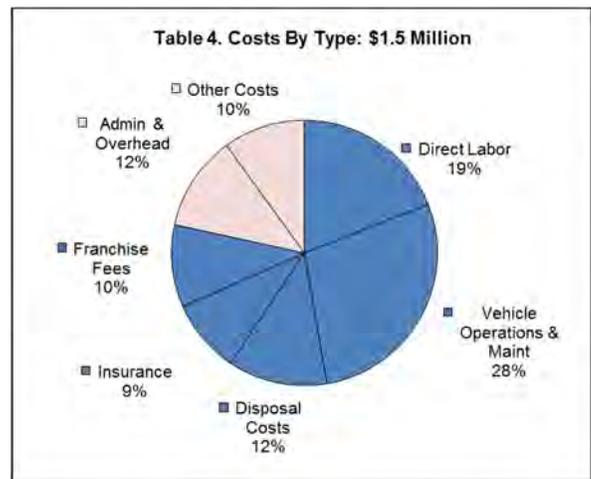
In future *Base Year* reviews, corporate overhead should not exceed increases in the CPI-U increases in the Los Angeles-Riverside-Orange County area. Capping overhead costs in this manner is the approach recommended in the Rate Manual.

**FINANCIAL OVERVIEW**

While detailed financial and service information is provided in the Mid-State rate request application (Appendix A), the following summarizes their actual costs, revenues and account information for 2015 (the last completed fiscal year) for the franchise area.

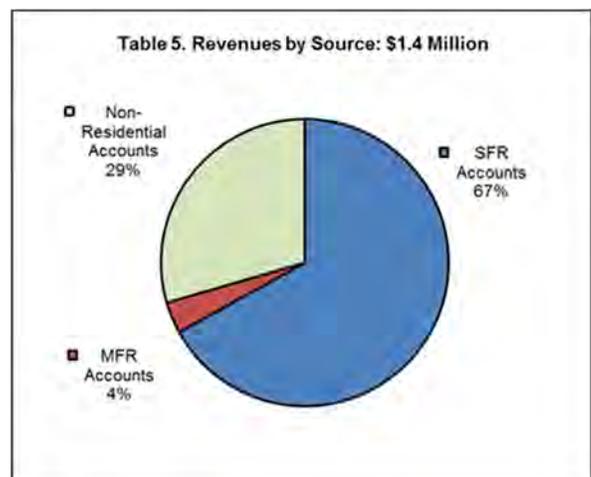
**Costs by Type.** Total expenses for 2015 were \$1.5 million. As reflected in Table 4, five cost areas accounted for over 75% of total costs:

- Direct labor for collection: 19%
- Vehicle operations and maintenance (including depreciation): 28%
- Disposal: 12%
- Insurance: 9%
- Franchise: 10%



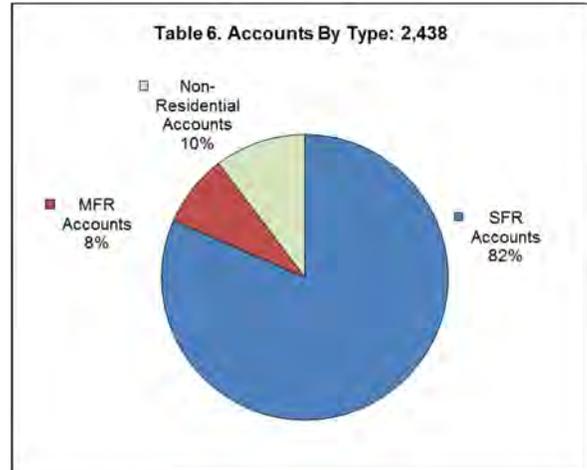
**Revenues by Source.** Total revenues in 2015 were \$1.4 million. As reflected in Table 5, two-thirds of Mid-State’s revenues came from single-family residential (SFR) accounts.

Services to multi-family residential (MFR) account for 4% and non-residential customers account for 29% of its revenues. (Less than 1% comes from other revenues such as scrap sales.)



*Service Accounts by Type.* While single-family residences account for 67% of revenues, they represent 82% of total accounts (Table 6).

This reflects the fact that per account, multi-family and non-residential customers generate more solid waste than single-family residential customers (and thus more revenue per account).



**RATE-SETTING PROCESS**

Under the Franchise Agreement, the rate-setting process follows a three-year cycle:

- **Base Year.** The first year of the cycle—the *Base Year*—requires a comprehensive, detailed analysis of revenues, expenses and operating data. This information is evaluated in the context of a standardized format and key financial measures in determining fair and reasonable rates. The review for 2016 is a *Base Year* analysis.
- **Two Interim Years.** In both the second and third years, Mid-State is eligible for *Interim Year* rate adjustments based on CPI-U increases in the Los Angeles-Riverside-Orange County area. The rate review for the two *Interim Years* requires less information and preparation time than the *Base Year* review, while still providing fair and reasonable rate adjustments.

**Rate Increase History**

Table 7 summarizes the Mid-State rate increase history for the past ten years, including the 2016 request.

Assuming the 2016 rate application is approved, this will be the first rate increase since 2013 and will result in an average annual rate increase of 2.7% over the last ten years, which reflects a high level of rate stability and price containment for North County customers, especially given increased costs that are beyond Mid-State’s control for landfill, greenwaste and organic waste diversion costs.

In short, when viewed in the context of rate increases over the past ten years, the proposed overall rate increase of 12.4% is reasonable.

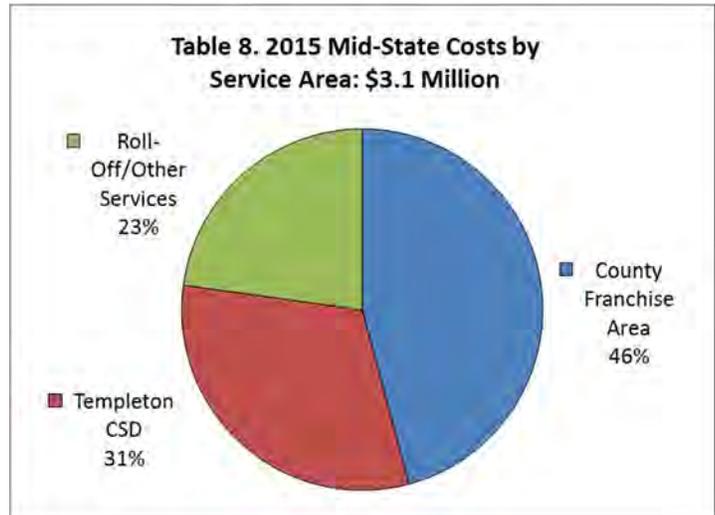
**Table 7. Rate History**

Year	Rate Increase
2007	1.98%
2008	0.00%
2009	8.00%
2010	0.00%
2011	0.00%
2012	4.68%
2013	0.63%
2014	0.00%
2015	0.00%
2016	12.40%

**RATE SETTING METHODOLOGY**

**Are the costs reasonable?** The first step in the rate review process is to determine if costs are reasonable. As noted above, while there are cost accounting issues, the costs presented in the rate application appear reasonable in light of the detailed revenue and cost allocation provided by Mid-State.

As shown in Table 8, the County franchise area accounts for close to half of Mid-State costs in 2015.



The following is a summary by major cost category of changes between 2015 and 2016. As reflected in this summary, increases are projected to be modest: 2% for most cost categories and an overall cost increase of 2.5%.

**Table 9. Cost Trend Summary**

	Actual 2015	Projected 2016	Percent Incr (Decr)
Direct Labor	279,703	285,297	2.0%
Allowable Corporate Overhead	42,122	43,219	2.6%
Office Salaries	72,686	74,140	2.0%
Administrative Services	55,753	56,868	2.0%
Depreciation & Amortization	145,080	147,981	2.0%
Vehicle Operations: Fuel, Repairs & Tires	269,412	274,800	2.0%
Insurance	132,039	134,681	2.0%
Rate Review		6,375	N/A
Other Costs	98,370	100,336	2.0%
<b>Total Controllable Costs</b>	<b>1,095,165</b>	<b>1,123,697</b>	<b>2.6%</b>
Pass-Through Costs			
Tipping Fees	177,290	180,836	2.0%
Franchise Fees	147,543	150,494	2.0%
Other Regulatory Costs	23,917	24,396	2.0%
Other Pass-Through Costs	24,000	24,480	2.0%
<b>Total</b>	<b>\$1,467,915</b>	<b>\$1,503,903</b>	<b>2.5%</b>

Based on a review of audited financial statements for 2013 and 2014, compilation report for 2015, detailed cost and revenue allocation prepared for 2015 and projected costs for 2016, costs presented in the rate application appear reasonable.

**What is a reasonable return on these costs?** After assessing if costs are reasonable, the next step is to determine a reasonable rate of return on these costs. The rate-setting methodology set forth in the Rate Manual includes clear criteria for making this assessment. It begins by organizing costs into three main categories, which will be treated differently in determining a reasonable “operating profit ratio:”

***Controllable Costs (Operations and Maintenance)***

- Direct collection labor
- Vehicle maintenance and repairs
- Insurance
- Administration
- Depreciation
- Billing and collection

***Pass-Through Costs***

- Tipping fees (disposal costs)
- Franchise and other regulatory fees
- Payments to affiliated companies (such as leases and trucking charges)

***Excluded Costs***

- Charitable and political contributions
- Entertainment
- Income taxes
- Non-IRS approved profit-sharing plans
- Fines and penalties
- Limits on corporate officer compensation

After organizing costs into these three categories, determining “operating profit ratios” and overall revenue requirements is straightforward:

- The target is a 93% operating profit ratio on “controllable costs.”
- Pass-through costs may be fully recovered through rates but no profit is allowed on these costs.
- No revenues are allowed for any excluded costs.

In the case of Mid-State, 75% of their costs are “controllable costs” subject to the 93% operating profit ratio (or 7% of total allowable “rate base” revenues); and 25% are pass-through costs that may be fully recovered from rates but no profit is allowed. No recovery is allowed for excluded costs.

**Preparing the Rate Request Application**

Detailed “spreadsheet” templates for preparing the rate request application—including assembling the required information and making the needed calculations—are provided in the Rate Manual. Mid-State has prepared their rate increase application in accordance with these requirements (Appendix A).

**Rate Request Summary**

The following summarizes the calculations that support an allowable overall rate increase of 12.4%

**Table 10. Rate Increase Summary**

Allowable Costs	1,123,697
Allowable Profit (93% Operating Ratio)	84,579
Pass-Through Costs	
Tipping Fees (Disposal Costs)	180,836
Franchise Fees	150,494
Other Regulatory Fees	24,396
Other Pass-Through Costs	24,480
Allowed Revenue Requirements	1,588,482
Revenue without Rate Increase	1,428,955
Revenue Requirement: Shortfall (Surplus)	\$159,527
Percent Change in Revenue Requirement	11.2%
Allowed Revenue Increase *	12.4%

\* Adjusted for 10 % Franchise Fee

**Implementation**

The following summarizes key implementation concepts in the rate-setting model:

- The “93% operating profit ratio” is a target; in the interest of rate stability, adjustments are only made if the calculated operating profit ratio falls outside of 91% to 95%. As noted above, for the last completed year (2015) the ratio was 103.7% (an operating loss of \$38,960). This is a far outside the 91% to 95% range, and as such, a rate increase is warranted under the rate-setting methodology.
- There is no provision for retroactivity: requested rate increases are “prospective” for the year to come; there is no provision for looking back. This means that any past shortfalls from the target operating profit cannot be recaptured.
- On the other hand, if past ratios have been stronger than this target, then the revenue base is reset in the *Base Year* review.
- As discussed above, detailed *Base Year* reviews are prepared every three years; *Interim Year* reviews to account for changes in the consumer price index in the two “in-between” years.
- Special rate increases for extraordinary circumstances *may* be considered.

The result of this methodology is an allowed overall rate increase of 12.4%. While warranted, this is nonetheless a significant increase. For about half of Mid-State’s urban customers, this is reduced to 9% under the proposed rate restructuring, but with a counter-

balancing increase of 15% for rural customers. Given this, there may be interest in phasing-in this increase. This is not recommended due to the following factors:

- The overall rate increase of 12.4% is similar to the rate increases of 10.37% approved by the County for 2016 in the Los Osos and North Coastal areas, which were not phased-in.
- Mid-State has experienced significantly under-recovery of costs for the past three years, which cannot be recovered under the rate-setting methodology.
- Almost a year will have lapsed since the beginning of 2016 before the proposed rate increase is likely to be implemented.

### **RATES IN OTHER COUNTY COMMUNITIES**

The Rate Manual calls for surveying franchisee proposed rates with other “comparable” communities. The results of this survey need to be carefully weighed, because every community is different. While surveys can be useful assessment tools, they are not perfect and they should not drive rate increases. Typical reasons why solid waste rates may be different include the following variations in circumstances:

- Franchise fees, AB 939 fee surcharges and other regulatory charges
- Landfill costs (tipping fees), green waste and organic diversion costs
- Service levels (frequency, quality)
- Labor market
- Operator efficiency and effectiveness
- Voluntary versus mandatory service
- Direct services provided to the franchising agency at no cost, such as free trash container pick-up at agency facilities, on streets and in parks
- Percentage of non-residential customers, and how costs and rates are allocated between customer types
- Revenue collection procedures: Does the hauler or the franchising agency bill for service? And what are the procedures for collecting delinquent accounts?
- Services included in the base fee (recycling, green waste, containers, pick-up away from curb)
- Different rates structures
- Land use and density (lower densities will typically result in higher service costs)
- Mix of residential and non-residential accounts

With these caveats, the following summarizes single family rates for ten other communities in the county compared with the proposed rates for the North County area, sorted by 30 to 40-gallon service (typically 32-gallon), which is the most common service level in most of these communities.

**Table 11. Single-Family Residential Rate Survey**

<b>Single Family Residential Monthly Trash Rates</b>			
	Container Size (Gallons)		
	30-40	60-70	90-101
San Luis Obispo (City)	\$14.12	\$28.25	\$42.37
Grover Beach	15.25	20.62	25.96
Morro Bay	16.49	32.98	49.47
Arroyo Grande	16.83	21.86	26.92
San Luis Obispo (Rural)	19.18	31.69	44.19
Los Osos Area	19.23	29.51	35.89
San Simeon	19.99	33.00	46.02
Atascadero	20.63	36.15	46.70
Templeton	25.03	36.60	40.81
San Miguel	28.04	44.01	60.39
Paso Robles	28.79	37.71	41.60
North County: Urban	34.90	50.45	67.30
North County: Rural	38.10	55.30	73.65

As reflected in Table 11, Mid-State’s proposed rates for the franchise area are among the highest surveyed. For the variability reasons noted above, this should not weigh heavily in considering Mid-State’s rate increase. That said, the differential is not surprising given the low residential densities and few non-residential customers in the North County area.

**COST OF LIVING “TRIGGER OPTION”**

As noted above, Section 9.1.7 of the Franchise Agreement provides the County with an *option* to terminate the agreement within nine months of an approved rate increase that is greater than the cumulative increase in the cost of living as measured by the CPI-U for the Los Angeles-Riverside-Orange County area from the date of the Franchise Agreement (June 17, 2014). The CPI-U for this area was 243.528 in June 2014, rising to 249.947 in August 2016 (the most recent CPI-U release), an increase of 2.6%.

It is important to note that this “trigger” calculation does not limit the allowable rate increase that Mid-State may request – and the County may approve – under the methodology set forth in the Franchise Agreement. However, subjecting the Franchise Agreement to *possible* termination if the rate request is greater than the cost of living threshold provides a strong incentive for Mid-State to limit its rate increase requests.

Given that current revenues are far below the target cost recovery level, Mid-State’s request is reasonably in excess of the CPI-U trigger. Accordingly, if the County approves the proposed rate increase, which is justified under the rate-setting criteria, it is recommended that it adopt a formal finding that it will not pursue the “trigger” option for the three-year rate period covered by the request. This will provide stability for this three-year cycle but retain the flexibility to use the “trigger” in future rate reviews. As noted above, the County made a similar finding in approving Mission Country Disposal rate increase for the Los Osos area of 10.37% in March 2013.

**MISCELLANEOUS FEES**

In addition to increases in monthly customer charges, Mid-State is also requesting changes in miscellaneous fees for special services, such as additional wheeler/cart collections, on call services and removal fees. While miscellaneous fees have been adjusted in the past as part of across-the-board increases, they have not typically been separately reviewed on their own merits. In most cases, the proposed increases are very modest; and in others, the fee is proposed to remain the same or decrease.

All of the customer account and miscellaneous fees changes requested by Mid-State are provided in Appendix B. The following are examples of the miscellaneous fee changes requested by Mid-State:

**Table 12. Miscellaneous Fee Change Examples**

<b>Service</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b><i>Fee Increases</i></b>			
Added 64-Gallon Recycling Cart/Monthly	\$5.30	\$6.00	\$0.70
On Call Service, 2 Yard Bin/Monthly	21.20	25.00	3.80
Temporary Urban 2 Yard Bin	74.60	80.00	5.40
Removal Fee: Rural	39.70	40.00	0.30
<b><i>Fee Decreases or Unchanged</i></b>			
Removal Fee: Urban	39.70	25.00	(14.70)
Commercial Container Pull-Out	4.05	4.05	-
Lock Bar Set-Up	39.70	39.70	-
Unreturned Carts: 32-Gallon	58.65	58.65	-
Drive In Fee: 100-Feet	4.85	4.85	-
Unlocking Fee	2.10	2.10	-

Most customers will never pay these miscellaneous charges, since by their nature they are for special services. While these are very minor parts of its overall revenues (Mid-State says that these miscellaneous fees account for less than 2% of total revenues and their supporting documentation supports this minor role), Mid-State believes that the proposed changes better reflect special service costs.

While this report’s workscope does not include a detailed fee-by-fee cost/revenue analysis, the proposed changes are modest, appear reasonable and will have a minor impact on overall revenues. Accordingly, in setting a better base for future rate reviews, it is recommended that the County approve the proposed changes.

**SUMMARY**

Based on the rate-setting policies and procedures set forth in the County’s Franchise Agreement and the Rate Manual, this report concludes that:

- Mid-State has submitted the required documentation required under its Franchise Agreement with the County.
- Mid-State’s costs are reasonable.

- Mid-State’s rate application supports an overall revenue increase of 12.4% for 2016, which meets the “reasonable return” criteria set forth in the Franchise Agreement and the Rate Manual. Accordingly, this report recommends approval of Mid-State’s requested overall revenue increase.
- The proposed rate restructuring makes sense in reflecting the higher service cost of servicing low density development. This will result in a revenue-neutral rate increase of 9% for urban customers and 15% for rural ones, rather than an across-the-board rate increase of 12.4%.
- If the County approves the requested rate increase, it is recommended that it also make findings that it will not pursue the “trigger” option for the three-year rate period.

**ATTACHMENTS**

- Appendix A: Base Year Rate Request Application from Mid-State Solid Waste and Recycling
- Appendix B: Proposed Fees, All Services



---

---

# Appendix

## BASE YEAR RATE REQUEST APPLICATION

---

### **Appendix A: Base Year Application**

1. Request Summary
2. Financial Information: Cost and Revenue Requirements Summary
3. Revenue Offset Summary
4. Cost Summary for Base Year
5. Operating Information

### **Appendix B: Proposed Fees, All Services**

Base Year Rate Adjustment Application

Summary Page

Requested Increase

1. Rate Increase Requested (a): 12.4% (a)

Rate Schedule

Table with 4 columns: Rate Schedule, Current Rates for FY-2015, Increased Rate Requested (a), and New Rates \*. Rows include Single Family Residential Urban (Economy, Standard, Premium) and Rural (Economy, Standard, Premium) services.

5. Multiunit Residential and Non-residential: Rate Increase Requested \*\*: 12.4%

\* Calculated Residential rates are rounded to the nearest \$0.05.
\*\* This rate increase will be applied to all rates in each structure with each new rate rounded to the nearest \$1.00.
\*\*\* This rate increase reflects overall revenue needs on an across-the-board basis. It does not reflect the proposed rates under the proposed rate restructuring, which is "revenue neutral." The proposed rate structure will generate the same amount of revenue reflected in this "base year" application.

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the County of San Luis Obispo.

Printed Name: Brad Goodrow
Title: Owner
Date: August 25, 2016 (Revised from April 27, 2016)

## Base Year Rate Adjustment Application

### Financial Information

	Base Year Inc		
	Current Year FY-2015	Requested FY-2016	Projected FY-2017
<b>Allowable Costs</b>			
6. Direct Labor	\$ 279,703	\$ 285,297	\$ 291,003
7. Corporate Overhead	\$ 42,122	\$ 43,219	\$ 44,078
8. Office Salaries	\$ 72,686	\$ 74,140	\$ 75,623
9. Other General & Administrative Costs	\$ 700,653	\$ 721,041	\$ 735,335
<b>10. Total Allowable Costs</b>	<b>\$ 1,095,164</b>	<b>\$ 1,123,698</b>	<b>\$ 1,146,039</b>
<b>Allowable Operating Profit</b>			
11. Operating Ratio	103.7%	<b>93.0%</b>	<b>93.0%</b>
<b>12. Allowable Operating Profit</b>	<b>\$ (38,960)</b>	<b>\$ 84,579</b>	<b>\$ 86,261</b>
<b>Pass-Through Costs</b>			
13. Tipping Fees	\$ 177,290	\$ 180,836	\$ 184,453
14. Franchise Fees (10.0%)	\$ 147,543	\$ 150,494	\$ 153,504
15. Other Regulatory Fees	\$ 23,917	\$ 24,396	\$ 24,884
16. Lease Payments to Affiliated Companies	\$ 24,000	\$ 24,480	\$ 24,970
<b>17. Total Pass-Through Costs</b>	<b>\$ 372,751</b>	<b>\$ 380,206</b>	<b>\$ 387,810</b>
<b>18. Revenue Requirement</b>	<b>\$ 1,428,955</b>	<b>\$ 1,588,483</b>	<b>\$ 1,620,110</b>
<b>19. Total Revenue Offsets (from page 3)</b>	<b>\$ 1,428,955</b>	<b>\$ 1,428,955</b>	<b>\$ 1,428,955</b>
<b>20. Net Shortfall (Surplus)</b>		<b>\$ 159,527</b>	
<b>Percent Change in Rates</b>			
21. Total Residential and Non-Residential Revenue without Increase in Base Year (page 3, lines 32 + 40.)		<b>\$ 1,427,570</b>	
22. Percentage Change in Residential and Non-Residential Revenue Requirement		<b>11.2%</b>	
23. Franchise Fee Adjustment Factor (1.0 - 10.0%)		<b>90.0%</b>	
<b>24. Percentage Change in Existing Rates</b>		<b>12.4%</b>	

**Base Year Rate Adjustment Application**

**Revenue Offset Summary for Base Year**

		Base Year Inc		
		Current Year	Requested	Projected
		FY-2015	FY-2016	FY-2017
<b>Residential Revenue</b>		\$ 1,006,348	\$ 1,006,348	\$ 1,006,348
Account Type	Current Rate Rate	Number of per mo. X 12 Accounts	Current Totals	
<b>Urban</b>				
25a. Economy (32-Gal) Service	\$ 32.00	\$ 384.00	661	\$ 253,824
26a. Standard (64-Gal) Service	\$ 46.30	\$ 555.60	289	\$ 160,568
27a. Premium (96-Gal) Service	\$ 61.75	\$ 741.00	73	\$ 54,093
<b>Rural</b>				
25b. Economy (32-Gal) Service	\$ 33.15	\$ 397.80	534	\$ 212,425
26b. Standard (64-Gal) Service	\$ 48.10	\$ 577.20	296	\$ 170,851
27b. Premium (96-Gal) Service	\$ 64.06	\$ 768.72	135	\$ 103,777
28. Single Family Residential				\$ 955,539
29. Multiunit Residential Dumpster Number of Accounts			199	199
30. Revenues			\$ 50,809	\$ 50,809
31. LESS Allow. for Uncollectible Residential Accts				
<b>32. Total Residential Revenue</b>			\$ 1,006,348	\$ 1,006,348
<b>Non-Residential Revenue</b>				
Account Type: Non-Residential Can				
33. Number of Accounts				
34. Revenues				
Non-Residential Waste Wheeler				
35. Number of Accounts				
36. Revenues				
Non-Residential Dumpster				
37. Number of Accounts			251	251
38. Revenues			\$ 421,222	\$ 421,222
39. LESS Allow. for Uncollectible Non-Res Accts				
<b>40. Total Non-Residential Revenue</b>			\$ 421,222	\$ 421,222
<b>Processing Facility Revenues</b>				
41. Scrap Payments for Materials Sold			\$ 1,385	\$ 1,385
42. CA Redemption Value (CRV) and Processing Fees				
43. Fees from other Agencies				
<b>44. Total Processing Facility Revenues</b>			\$ 1,385	\$ 1,385
45. Interest on Investments				
46. Other Income				
<b>47. TOTAL REVENUE OFFSETS</b>			\$ 1,428,955	\$ 1,428,955

## Base Year Rate Adjustment Application

### Cost Summary for Base Year

	Ref #	Base Year Inc		
		Current Year FY-2015	Requested FY-2016	Projected FY-2017
Labor Cost	48.1	\$ 267,713	\$ 273,067	\$ 278,528
Payroll Taxes	48.2	\$ 11,990	\$ 12,230	\$ 12,475
<b>48. Total Direct Labor</b>		<b>\$ 279,703</b>	<b>\$ 285,297</b>	<b>\$ 291,003</b>
<b>49. Total Corporate Overhead</b>	49.0	<b>\$ 42,122</b>	<b>\$ 43,219</b>	<b>\$ 44,078</b>
Office Salaries	50.1	\$ 63,737	\$ 65,012	\$ 66,312
Office Payroll Taxes	50.2	\$ 8,949	\$ 9,128	\$ 9,311
<b>50. Total Office Salaries</b>		<b>\$ 72,686</b>	<b>\$ 74,140</b>	<b>\$ 75,623</b>
Amortization	51.01	\$ 36,178	\$ 36,901	\$ 37,639
Computer Services	51.02	\$ 5,265	\$ 5,370	\$ 5,477
Credit Card & Bank Fees, Collection Costs	51.03	\$ 7,031	\$ 7,172	\$ 7,315
Depreciation	51.04	\$ 108,902	\$ 111,080	\$ 113,301
Dues & Subscriptions	51.05	\$ 4,521	\$ 4,611	\$ 4,703
Equipment Rentals	51.06	\$ 41,188	\$ 42,012	\$ 42,852
Fines	51.07	\$ 237	\$ 241	\$ 246
Fuel & Oil	51.08	\$ 90,614	\$ 92,426	\$ 94,275
Hauling Expense	51.09	\$ -	\$ -	\$ -
Health Insurance	51.10	\$ 51,777	\$ 52,813	\$ 53,869
Insurance Expense	51.11	\$ 3,583	\$ 3,654	\$ 3,727
Interest Expense	51.12	\$ 9,657	\$ 9,850	\$ 10,047
Laundry & Uniforms	51.13	\$ 3,608	\$ 3,681	\$ 3,754
Legal & Accounting	51.14	\$ 10,282	\$ 10,488	\$ 10,697
Licenses & Permits	51.15	\$ 2,010	\$ 2,051	\$ 2,092
Misc. and Other Expenses	51.16	\$ 1,099	\$ 1,121	\$ 1,144
Office Expenses & Printing	51.17	\$ 5,115	\$ 5,217	\$ 5,321
Operating Supplies	51.18	\$ 3,838	\$ 3,914	\$ 3,993
Other Taxes	51.19	\$ 4,648	\$ 4,741	\$ 4,836
Outsourced Services	51.20	\$ 11,356	\$ 11,583	\$ 11,814
Parts	51.21	\$ 90,655	\$ 92,468	\$ 94,318
Postage	51.22	\$ 10,104	\$ 10,306	\$ 10,512
Public Relations/Promotion	51.23	\$ 6,008	\$ 6,128	\$ 6,251
Rent	51.25	\$ 4,800	\$ 4,896	\$ 4,994
Telephone	51.26	\$ 4,204	\$ 4,288	\$ 4,374
Tires	51.27	\$ 32,936	\$ 33,595	\$ 34,267
Travel	51.28	\$ -	\$ -	\$ -
Truck Insurance	51.29	\$ 54,376	\$ 55,464	\$ 56,573
Truck Licenses (DMV)	51.30	\$ 14,720	\$ 15,015	\$ 15,315
Truck Repairs	51.31	\$ 55,207	\$ 56,311	\$ 57,438
Utilities	51.32	\$ 4,431	\$ 4,520	\$ 4,610
Workers Compensation Insurance	51.33	\$ 22,303	\$ 22,750	\$ 23,205
Rate Review County Passthrough Fee		\$ -	\$ 6,375	\$ 6,375
<b>51. Total General and Administrative Costs</b>	51	<b>\$ 700,653</b>	<b>\$ 721,041</b>	<b>\$ 735,335</b>
<b>52. Total Tipping Fees</b>	52	<b>\$ 177,290</b>	<b>\$ 180,836</b>	<b>\$ 184,453</b>
<b>53. Total Franchise Fees</b>	53	<b>\$ 147,543</b>	<b>\$ 150,494</b>	<b>\$ 153,504</b>
<b>54. Total Regulatory Fees</b>	54	<b>\$ 23,917</b>	<b>\$ 24,396</b>	<b>\$ 24,884</b>
<b>55. Total Lease Payments to Affiliated Companies</b>	55	<b>\$ 24,000</b>	<b>\$ 24,480</b>	<b>\$ 24,970</b>
<b>56. TOTAL COSTS</b>	56	<b>\$ 1,467,915</b>	<b>\$ 1,503,903</b>	<b>\$ 1,533,849</b>

---

## Base Year Rate Adjustment Application

---

*Operating Information*

		Current Year	Base Year	Projected
		<u>FY-2015</u>	<u>FY-2016</u>	<u>FY-2017</u>
		% Change		
<b>Residential</b>				
57.	Accounts			
58.	Routes			
59.	Tons Collected	1,824		
60.	Direct Labor Hours	8,963		
<b>Non-Residential</b>				
61.	Accounts			
62.	Routes			
63.	Tons Collected	1,353		
64.	Direct Labor Hours	4,636		
<b>Recyclable Materials</b>				
65.	Fees from Other Agencies			
66.	Tons from Other Agencies			
67.	Cost per Ton			

# Mid-State Solid Waste & Recycling Services, Inc.

## Proposed Rate Increase - Rates to the Customer

### Effective December 1, 2016

*Proposed Rates are Rounded to the Nearest \$0.05  
Rates to the Customer Include IWMA Fees Where Applicable*

**Urban: Santa Margarita, Garden Farms and the fringe area of Atascadero  
Rural: Creston, Rural Templeton Area, Pozo, La Panza, Park Hill, Huer Huero, Simmler, Etc.**

Service Description	Pickups Per Wk	Current Rates	Rate Adjustment	Proposed Rates
Monthly service rates for residential customers includes the rental fee for the cart. Residential customers must use containers provided by the garbage company.				
<b>URBAN RESIDENTIAL</b>		Monthly		Monthly
32 Gallon waste cart	1	\$ 32.00	9.0%	\$ 34.90
64 Gallon waste cart	1	\$ 46.30	9.0%	\$ 50.45
96 Gallon waste cart	1	\$ 61.75	9.0%	\$ 67.30
For urban residential customers the rate includes weekly collection of trash, greenwaste and recycling in containers provided by Mid-State Solid Waste.				
<b>RURAL RESIDENTIAL</b>		Monthly		Monthly
32 Gallon waste cart	1	\$ 33.15	15.0%	\$ 38.10
64 Gallon waste cart	1	\$ 48.10	15.0%	\$ 55.30
96 Gallon waste cart	1	\$ 64.06	15.0%	\$ 73.65
For rural residential customers the rate includes weekly collection of trash and every other week collection of recycling in containers provided by Mid-State Solid Waste.				
<b>RURAL COMMERCIAL</b>		Monthly		Monthly
All rural commercial customer rates include weekly collection of trash and every other week collection of recycling in containers provided by Mid-State Solid Waste.				
32 Gallon waste cart	1	\$ 33.15	15.0%	\$ 38.10
64 Gallon waste cart	1	\$ 48.10	15.0%	\$ 55.30
96 Gallon waste cart	1	\$ 64.06	15.0%	\$ 73.65
1.0 yd dumpster	1	\$ 128.83	15.0%	\$ 148.15
1.5 yd dumpster	1	\$ 149.69	15.0%	\$ 172.15
1.5 yd dumpster	2	\$ 282.18	15.0%	\$ 324.50
1.5 yd dumpster	3	\$ 414.99	15.0%	\$ 477.25
1.5 yd dumpster	4	\$ 547.69	15.0%	\$ 629.85
1.5 yd dumpster	5	\$ 680.29	15.0%	\$ 782.35
2 yd dumpster	1	\$ 176.00	15.0%	\$ 202.40
2 yd dumpster	2	\$ 334.51	15.0%	\$ 384.70
2 yd dumpster	3	\$ 493.58	15.0%	\$ 567.60
2 yd dumpster	4	\$ 652.14	15.0%	\$ 749.95
2 yd dumpster	5	\$ 810.95	15.0%	\$ 932.60
3 yd dumpster	1	\$ 208.44	15.0%	\$ 239.70
3 yd dumpster	2	\$ 398.87	15.0%	\$ 458.70
3 yd dumpster	3	\$ 589.05	15.0%	\$ 677.40
3 yd dumpster	4	\$ 779.38	15.0%	\$ 896.30
3 yd dumpster	5	\$ 969.71	15.0%	\$ 1,115.15
4 yd dumpster	1	\$ 272.19	15.0%	\$ 313.00

# Mid-State Solid Waste & Recycling Services, Inc.

## Proposed Rate Increase - Rates to the Customer

### Effective December 1, 2016

*Proposed Rates are Rounded to the Nearest \$0.05*  
*Rates to the Customer Include IWMA Fees Where Applicable*

Urban: Santa Margarita, Garden Farms and the fringe area of Atascadero  
 Rural: Creston, Rural Templeton Area, Pozo, La Panza, Park Hill, Huer Huero, Simmler, Etc.

Service Description	Pickups Per Wk	Current Rates	Rate Adjustment	Proposed Rates
4 yd dumpster	2	\$ 525.15	15.0%	\$ 603.90
4 yd dumpster	3	\$ 778.16	15.0%	\$ 894.90
4 yd dumpster	4	\$ 1,031.12	15.0%	\$ 1,185.80
4 yd dumpster	5	\$ 1,284.08	15.0%	\$ 1,476.70
6 yd dumpster	1	\$ 349.45	15.0%	\$ 401.85
6 yd dumpster	2	\$ 675.85	15.0%	\$ 777.25
6 yd dumpster	3	\$ 1,002.35	15.0%	\$ 1,152.70
6 yd dumpster	4	\$ 1,124.50	15.0%	\$ 1,293.15
6 yd dumpster	5	\$ 1,636.95	15.0%	\$ 1,882.50
<b>URBAN COMMERCIAL</b>		Monthly		Monthly
For urban commercial customers the rate includes weekly collection of recycling in containers provide by Mid-State Solid Waste.				
32 Gallon waste cart	1	\$ 32.00	9.0%	\$ 34.90
64 Gallon waste cart	1	\$ 46.30	9.0%	\$ 50.45
96 Gallon waste cart	1	\$ 61.75	9.0%	\$ 67.30
1.0 yd dumpster	1	\$ 106.79	9.0%	\$ 116.40
1.5 yd dumpster	1	\$ 125.36	9.0%	\$ 136.65
1.5 yd dumpster	2	\$ 232.76	9.0%	\$ 253.70
1.5 yd dumpster	3	\$ 340.37	9.0%	\$ 371.00
1.5 yd dumpster	4	\$ 447.93	9.0%	\$ 488.25
1.5 yd dumpster	5	\$ 555.59	9.0%	\$ 605.60
2 yd dumpster	1	\$ 142.36	9.0%	\$ 155.15
2 yd dumpster	2	\$ 266.78	9.0%	\$ 290.80
2 yd dumpster	3	\$ 390.86	9.0%	\$ 426.05
2 yd dumpster	4	\$ 515.50	9.0%	\$ 561.90
2 yd dumpster	5	\$ 639.64	9.0%	\$ 697.20
3 yd dumpster	1	\$ 176.51	9.0%	\$ 192.40
3 yd dumpster	2	\$ 332.67	9.0%	\$ 362.60
3 yd dumpster	3	\$ 488.53	9.0%	\$ 532.50
3 yd dumpster	4	\$ 649.13	9.0%	\$ 707.55
3 yd dumpster	5	\$ 806.77	9.0%	\$ 879.40
4 yd dumpster	1	\$ 211.19	9.0%	\$ 230.20
4 yd dumpster	2	\$ 404.23	9.0%	\$ 440.60
4 yd dumpster	3	\$ 592.26	9.0%	\$ 645.55
4 yd dumpster	4	\$ 784.23	9.0%	\$ 854.80
4 yd dumpster	5	\$ 973.54	9.0%	\$ 1,061.15

# Mid-State Solid Waste & Recycling Services, Inc.

## Proposed Rate Increase - Rates to the Customer

### Effective December 1, 2016

*Proposed Rates are Rounded to the Nearest \$0.05*  
*Rates to the Customer Include IWMA Fees Where Applicable*

Urban: Santa Margarita, Garden Farms and the fringe area of Atascadero  
 Rural: Creston, Rural Templeton Area, Pozo, La Panza, Park Hill, Huer Huero, Simmler, Etc.

Service Description	Pickups Per Wk	Current Rates	Rate Adjustment	Proposed Rates
6 yd dumpster	1	\$ 269.89	9.0%	\$ 294.20
6 yd dumpster	2	\$ 515.81	9.0%	\$ 562.25
6 yd dumpster	3	\$ 700.54	9.0%	\$ 763.60
6 yd dumpster	4	\$ 1,008.17	9.0%	\$ 1,098.90
6 yd dumpster	5	\$ 1,254.19	9.0%	\$ 1,367.05
<b>SPECIAL PURPOSE FEES - ALL AREAS, ALL CUSTOMERS (unless otherwise indicated)</b>				
Additional waste wheeler/cart collection & rental		Monthly		Monthly
Trash				
32 Gallon waste cart	n/a	n/a	n/a	n/a
64 Gallon waste cart	1	\$ 5.30	n/a	\$ 10.00
96 Gallon waste cart	1	\$ 5.30	n/a	\$ 15.00
Greenwaste				
32 Gallon waste cart	n/a	n/a	n/a	n/a
64 Gallon waste cart	1	n/a	n/a	n/a
96 Gallon waste cart	1	\$ 5.30	n/a	\$ 10.00
Recycling				
32 Gallon waste cart	n/a	n/a	n/a	n/a
64 Gallon waste cart	1	\$ 5.30	n/a	\$ 6.00
96 Gallon waste cart	1	\$ 5.30	n/a	\$ 7.30
<b>On call service (for areas outside of the Urban Reserve Line) [Rural]</b>				
2 yd Bin (rental fee only)	Monthly	\$ 21.20	n/a	\$ 25.00
3 yd Bin (rental fee only)	Monthly	\$ 28.75	n/a	\$ 35.00
Plus fee for emptying each time:				
2 yd	Per Occurrence	\$ 74.60	n/a	\$ 95.00
3 yd	Per Occurrence	\$ 89.35	n/a	\$ 110.00
<b>On call service (for areas inside of the Urban Reserve Line) [Urban]</b>				
2 yd Bin (rental fee only)	Monthly	\$ 21.20	n/a	\$ 25.00
3 yd Bin (rental fee only)	Monthly	\$ 28.75	n/a	\$ 35.00
Plus fee for emptying each time:				
2 yd	Per Occurrence	\$ 74.60	n/a	\$ 80.00
3 yd	Per Occurrence	\$ 89.35	n/a	\$ 95.00
<b>Temporary bin service (one time use - less than one month) [Rural]</b>				
2 yd bin	Per Occurrence	\$ 74.60	n/a	\$ 95.00
3 yd bin	Per Occurrence	\$ 89.35	n/a	\$ 110.00
<b>Temporary bin service (one time use - less than one month) [Urban]</b>				
2 yd bin	Per Occurrence	\$ 74.60	n/a	\$ 80.00
3 yd bin	Per Occurrence	\$ 89.35	n/a	\$ 95.00
<b>Commercial container - pull out</b>				
Rural	Per Occurrence	\$ 4.05	n/a	\$ 4.05

# Mid-State Solid Waste & Recycling Services, Inc.

## Proposed Rate Increase - Rates to the Customer

### Effective December 1, 2016

*Proposed Rates are Rounded to the Nearest \$0.05*  
*Rates to the Customer Include IWMA Fees Where Applicable*

Urban: Santa Margarita, Garden Farms and the fringe area of Atascadero  
 Rural: Creston, Rural Templeton Area, Pozo, La Panza, Park Hill, Huer Huero, Simmler, Etc.

Service Description	Pickups Per Wk	Current Rates	Rate Adjustment	Proposed Rates
Urban	Per Occurrence	\$ 4.05	n/a	\$ 4.05
Removal fee - container or cart				
Rural	Per Occurrence	\$ 39.70	n/a	\$ 40.00
Urban	Per Occurrence	\$ 39.70	n/a	\$ 25.00
Redelivery fee - container or cart				
Rural	Per Occurrence	\$ 39.70	n/a	\$ 40.00
Urban	Per Occurrence	\$ 39.70	n/a	\$ 25.00
Go back commercial (established customers)				
Rural	Per Occurrence	\$ 8.65	n/a	\$ 40.00
Urban	Per Occurrence	\$ 8.65	n/a	\$ 15.00
Go back residential (established customers)				
Rural	Per Occurrence	\$ 5.55	n/a	\$ 20.00
Urban	Per Occurrence	\$ 5.55	n/a	\$ 10.00
Lock-Bar set up				
Lock-Bar set up plus key & lock	Per Occurrence	\$ 47.45	n/a	\$ 47.45
Unreturned carts - 32 gallons				
Unreturned carts - 60 gallons	Per Occurrence	\$ 80.70	n/a	\$ 80.70
Unreturned carts - 90 gallons	Per Occurrence	\$ 87.85	n/a	\$ 87.85
Walk-in fee				
Walk-in fee	Per Occurrence	\$ 3.20	n/a	\$ 5.00
Unlocking fee				
Unlocking fee	Per Occurrence	\$ 2.10	n/a	\$ 2.10
Drive-in fee, 100 feet <sup>1</sup>				
Drive-in fee, 100 feet <sup>1</sup>	Per Occurrence	\$ 4.85	n/a	\$ 4.85
Drive-in fee, 200 feet <sup>1</sup>				
Drive-in fee, 200 feet <sup>1</sup>	Per Occurrence	\$ 9.50	n/a	\$ 9.50
Drive-in fee, 300 feet <sup>1</sup>				
Drive-in fee, 300 feet <sup>1</sup>	Per Occurrence	\$ 13.75	n/a	\$ 13.75
Labor & truck - per hour				
Labor & truck - per hour	Per Occurrence	\$ 90.60	n/a	\$ 90.60
Commercial Recycling Service				
Rural		Monthly		Monthly
1.5 yd dumpster	1	\$ 28.12	15.0%	\$ 32.35
2 yd dumpster	1	\$ 37.80	15.0%	\$ 43.45
3 yd dumpster	1	\$ 56.25	15.0%	\$ 64.70
4 yd dumpster	1	\$ 75.00	15.0%	\$ 86.25
6 yd dumpster	1	\$ 112.50	15.0%	\$ 129.40
Urban		Monthly		Monthly
1.5 yd dumpster	1	\$ 28.12	9.0%	\$ 30.65

**Mid-State Solid Waste & Recycling Services, Inc.**  
**Proposed Rate Increase - Rates to the Customer**  
**Effective December 1, 2016**

*Proposed Rates are Rounded to the Nearest \$0.05*  
*Rates to the Customer Include IWMA Fees Where Applicable*

Urban: Santa Margarita, Garden Farms and the fringe area of Atascadero  
 Rural: Creston, Rural Templeton Area, Pozo, La Panza, Park Hill, Huer Huero, Simmler, Etc.

Service Description	Pickups Per Wk	Current Rates	Rate Adjustment	Proposed Rates
2 yd dumpster	1	\$ 37.80	9.0%	\$ 41.20
3 yd dumpster	1	\$ 56.25	9.0%	\$ 61.30
4 yd dumpster	1	\$ 75.00	9.0%	\$ 81.75
6 yd dumpster	1	\$ 112.50	9.0%	\$ 122.65
Return check charge	Per Occurrence	\$ 16.65	n/a	\$ 25.00
Exchange fee - containers	Per Occurrence	\$ 67.95	n/a	\$ 67.95
Extra yard of material (overfilled bin)	Per Occurrence	n/a	n/a	\$ 15.50
Extra trash or greenwaste (not in cart)	Per Bag/Can/Etc.	n/a	n/a	\$ 5.50

Extra charges apply to the disposal of contaminants found in any receptacle picked up.

1 "Drive-In Fee" refers to the charge imposed when a waste collection truck is required to drive off the roadway and onto a customer's property to collect waste. Drive-in also describes waste collection at the curbside of rural or remote areas.