

## **ARTICLE 9. CHARGES AND RATES**

### **9.01 INITIAL RATES**

The maximum rates that Contractor may charge Customers for the period beginning January 1, 2011 and ending June 30, 2012 shall not exceed the maximum rates set forth in Exhibit 1.

### **9.02 SCHEDULE OF FUTURE ADJUSTMENTS**

Beginning with the Rate Year starting July 1, 2012 and ending June 30, 2013 and for all subsequent Rate Years, the maximum rates shown in Exhibit 1 shall be adjusted upon request as described in this Section 9. The Contractor shall submit its request in writing directly to City staff or via certified mail, on or before March 31, 2013 and of each succeeding year. Failure to submit a written request by March 31, of each year shall result in Contractor waiving the right to request such an increase for the subsequent Rate Year. Missed rate adjustments may not be added to rate adjustment applications in ensuing years. The rates shall decrease automatically in accordance with Section 9 if either the disposal gate fee or the Consumer Price Index decreases. Future adjustments will be effective July 1. Rate adjustment calculations shall be separately performed for Cart rates (Exhibit 2A), Commercial and Multi-Family Bin rates (Exhibit 2B), and Roll-off Box and Temporary Service rates (Exhibit 2C).

#### **9.02.1 Cost Component and Rate Adjustment Indexes**

The approved rates consist of the following cost components, followed by the initial weightings of each component by waste stream. Each cost component may be adjusted by the change in the corresponding index below. See Section 9.02.2 for detailed rate adjustment procedures.

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	Cost Component	% of Costs (1)			Rate Adjustment Index	Starting Index
		Cart	Bin	Roll-Off		
A.	Service	TBD%	TBD%	95% (2)	Consumer Price Index - All Urban Consumers, All items – Los Angeles – Riverside – Orange County, CA capped at 5%.	February 2011.
B.	Fuel	5.0%	5.0%	5% (2)	DOE Diesel (on highway) prices publishing in the Official Energy Statistics from the United States Department of Energy website: <a href="http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_dcus_sca_m.htm">http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_dcus_sca_m.htm</a> .	February 2011.
C.	Direct Disposal	TBD%	n/a	n/a	Actual change at Orange County Landfills as per waste disposal agreement with City of Los Alamitos.	\$29.95 per ton
D.	Green Waste	TBD%	n/a	n/a	TBD	\$TBD
E.	MRF Disposal	n/a	\$TBD	100% (2)	Actual change at Orange County Landfills as per waste disposal agreement with City of Los Alamitos.	\$29.95 per ton
F.	MRF Service	n/a	\$TBD	n/a	Consumer Price Index - All Urban Consumers, All items – Los Angeles – Riverside – Orange County, CA capped at 5%	February 2011

(1) Weightings may be adjusted for the rate adjustment following, and based upon results from each audit per Section 7.02.2.

(2) Weightings for Roll-Off will be applied separately for Service Component and for Disposal Component as described in Section 9.02.2

**9.02.2 Rate Adjustment**

Cart, Bin and Roll-off Box rates will be adjusted using the same method, but will be calculated separately due to the differences in the weightings of the cost components for each Customer type, as listed in Section 9.02.1.

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Step One – Calculate the percentage increase or decrease in the Service, Fuel, Direct Disposal, Green Waste, MRF Disposal and the MRF Service Component indices listed in Section 9.02.1. The increase or decrease in the Service, Fuel and MRF Service Component indices will be based on the twelve (12) month period ending February prior to the July 1 when the rate change will take effect.

The Direct Disposal and MRF Disposal indices will be based on the percentage change in the gate rates at Orange County Landfills as per the then-existing waste disposal agreement with City of Los Alamitos from the rates to take effect as of July 1 of the ensuing Rate Year as compared to the rates in effect on July 1 of the prior Rate Year. The Green Waste index will be based on [TBD]. The percentage increase for the Direct Disposal, MRF Disposal or the Green Waste Index shall not exceed [TBD] for any one index.

The Per Ton MRF Processing Fee for Roll-Off and Compactor Service is composed of a MRF Service Component and a MRF Disposal Component at the initial rate of \$[TBD] per ton which is the summation of \$[TBD] for MRF Service and \$29.95 for MRF Disposal. To arrive at an adjusted maximum Per Ton MRF Processing Fee for Roll-Off and Compactor service the MRF Disposal Component and the MRF Service Component will be adjusted individually. Adjustments to the maximum MRF Disposal Component will be based on increases or decreases to the MRF Disposal index weighted at 100%. Adjustments to the maximum MRF Service component, Per Pull Fee for Roll-Off and Compactor Service, fees for 3-Yard Clean-up Bin Service and other Temporary Services as listed in EXHIBIT 2C will be based on increases or decreases to the Service and Fuel Indices weighted at 95% and 5%, respectively.

Step Two – For rate adjustments prior to the first audit (see Section 7.02.2): Cost components are weighted as listed in Section 9.02.1. For subsequent rate adjustments: The relative weightings of the service and disposal cost components will be determined by the most recent audit, if any, conducted per Section 7.02.2.

Multiply the percentage changes for each rate adjustment component, as determined in Step One, by that component's weighting as a percentage of total cost.

Step Three – Multiply the weighted permitted percent change from Step Two by the existing maximum Cart, Bin and Roll-Off Box Collection rates to determine the increase or decrease in maximum rates. Then add (subtract) the change in rates to (from) the existing maximum rates to determine the new maximum rates.