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March 11, 2021

Ms. Deidra Dingman
Conservation Programs Manager
Contra Costa County
Department of Conservation & Development
30 Muir Road
Martinez, CA 94553

Subject: Analysis of Republic Services, Inc. 2021 Base Year Rate Application

Dear Ms. Dingman:

This letter report represents results of Crowe LLP's (Crowe) review of the 2021 base year rate application (Application) submitted by Crockett Garbage Service, Inc., a Republic Services company (CGS or Republic) to Contra Costa County (County). CGS has provided residential, commercial, and industrial refuse collection services to the unincorporated County areas of Crockett, Port Costa, and Tormey (together referred to as the Crockett area) since becoming the assignee of the County Franchise Agreement in 1996. Republic Services, Inc. purchased Richmond Sanitary Service and its subsidiaries, including CGS, in May 2001. This letter report is organized into eight (8) sections as follows:

- A. *Purpose of Analysis*
- B. *Summary*
- C. *Project Background*
- D. *Scope of Rate Review*
- E. *History of Crockett Area Rates*
- F. *2021 Base Year Rate Application*
- G. *Review of 2021 Base Year Rate Application*
- H. *Comparison of Rates to Neighboring Jurisdictions.*

There are three (3) attachments to this report, as follows:

- A. *Rate Application*
- B. *Adjusted Base Year Rate Model*
- C. *Comparative Rate Survey.*

A. Purpose of Analysis

The purpose of the 2021 Base Year Rate Analysis of Republic Services, Inc. (Analysis) is to assist the County (Specified Party) with establishing solid waste collection rates charged by CGS. For purpose of this review, we used the County's *Rate Setting Process and Methodology Manual for Solid Waste Charges as Applied to Allied Waste Services, Inc. – a division of Republic Services, Inc.* approved by the County Board of Supervisors on May 19, 1998 (Allied Manual). To complete our review, we principally followed Steps 2, 3, 4, 5, and 6 in Chapter II of the County's Allied Manual.

The information in this Analysis is based on estimates, assumptions and other data developed by Crowe from information provided by CGS, knowledge of and participation in other studies, data supplied by the County, and other sources deemed to be reliable.

In the course of preparing this Analysis, we have not conducted an audit, review, or compilation of any financial or supplemental data used in the accompanying Analysis. We have made certain projections of revenues and expenses which may vary from actual results because events and circumstances frequently do not occur as expected and such variances may be material. We have no responsibility to update this Analysis for events or circumstances occurring after the date above.

Our procedures and work product are intended for the benefit and use of the Specified Party. This engagement was not planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

B. Summary

In its Application, Republic requested a rate increase of 10.56 percent for 2021. Crowe recommends a rate increase of 9.05 percent. Actual rate increases for residential and commercial customers are shown in **Tables 1** and **2** respectively. Residential rates would increase by between \$2.70 and \$6.81 per customer, per month, depending on the residential service level as shown in Table 1. Commercial rates would increase by between \$14.56 and \$19.56 per customer, per month, for selected bin sizes as shown in Table 2.

Table 1
Crockett Garbage Service
2021 Residential Rates, by Service Level
(Per Customer, Per Month)

Service Level	Customer Count	2020 Rate	2021 Rate	Rate Change
Backyard (customer provided can)				
20 Gallon	83	\$29.80	\$32.50	\$2.70
35 Gallon	113	\$36.26	\$39.54	\$3.28
45 Gallon	11	\$47.67	\$51.98	\$4.31
Curbside (company provided cart, unless noted)				
20 Gallon	84	\$29.80	\$32.50	\$2.70
35 Gallon	789	\$35.33	\$38.53	\$3.20
45 Gallon (customer provided can)	3	\$46.68	\$50.90	\$4.22
64 Gallon	142	\$61.95	\$67.56	\$5.61
96 Gallon	12	\$75.27	\$82.08	\$6.81

Table 2
Crockett Garbage Service
2021 Commercial Rates, by Selected Service Level
(Per Customer, Per Month)

Service Level	2020 Rate	2021 Rate	Rate Change
1 yd. 1x per week	\$160.87	\$175.43	\$14.56
2 yd. 1x per week	\$216.11	\$235.67	\$19.56

C. Project Background

CGS has an exclusive franchise with the County to collect and remove, for disposal and recycling, residential, commercial, and light industrial solid waste, recycling, and organics. The franchise agreement between the County and CGS specifies that CGS is allowed to submit an application for a rate change in a format required by the County. In 1998, the County adopted the Allied Manual. The County directed us to use the Allied Manual for CGS-served area rate setting.

The Allied Manual reflects the County's desire to use the operating ratio method for establishing allowable profit levels in base years. The Allied Manual identifies guidelines for allowable, pass-through, and nonallowable costs. Every four years, during base years, the hauler submits a Base Year Rate Change Application. The Application is reviewed to determine whether a rate change is necessary. Interim years occur during each year between base years, and are triggered if the hauler submits an *Interim Year Rate Change Application*. Interim years follow a more streamlined index-based process. As specified in the Manual, base year reviews involve a detailed and rigorous review of revenues and costs, including actual costs, estimated costs (based on year-to-date results), and projection year costs (entirely projected based on assumptions about cost escalations). During base year reviews, County rates are established to cover a revenue requirement (which includes allowable costs, a specific regulated profit level, and pass-through costs).

Rate setting is prospective. The County sets rates in advance of when actual results occur. The County must therefore base rates on careful projections.

The County and CGS have no formal, or conceptual, balancing account whereby projected revenues and costs are subsequently "balanced" with actual revenues and costs. Once base year results are approved by the Board of Supervisors, the County does not examine actual CGS financial results until the next base year, or four years later.

The County uses the Operating Ratio¹ (OR) method to project the profit level allowed to CGS in a base year. To set the base year OR, the County reviews trends in prior, current, and projected revenues, costs, and profits. The actual OR received by CGS in a base year, and in subsequent interim years, is not trued up to actual results.

D. Scope of Rate Review

The scope of work for this project is based on requirements of the Allied Manual's base year rate setting process. Crowe completed the following activities in our review:

- Verified the application package was complete
- Assessed whether data presented in the application were mathematically correct and consistent
- Compared actual 2018, 2019, and 2020 financial results with year-to-year changes in inflation levels for that time period
- Analyzed significant historical fluctuations in major cost categories
- Examined relationships between financial and operating information
- Determined the projected 2021 operating ratio
- Conducted a survey of rates in similar service areas
- Assessed franchise fee payments made by CGS to the County.

Crowe submitted a data request to CGS on January 11, 2021. We received CGS responses and met with CGS management on January 19, 2021 to ask follow-up questions and provide CGS with an

¹ The operating ratio is a profit term defined as a company's operating expenses as a percentage of revenue.

opportunity to provide additional context regarding the Application.

E. History of Crockett Area Rates

Since the Manual's adoption, the County has conducted rate reviews of CGS which resulted in the following rate changes:

- 2002 2.10 percent
- 2003 2.20 percent (interim year)
- 2006 6.74 percent (base year)
- 2007 3.75 percent (interim year)
- 2008 2.31 percent (interim year)
- 2009 3.49 percent (interim year)
- 2010-16 0.0 percent (base, interim years)
- 2017 14.28 percent (base year)
- 2018 8.50 percent (interim year)
- 2019 4.30 percent (interim year)
- 2020 2.70 percent (interim year).

F. 2021 Base Year Rate Application

On November 20, 2020, Republic submitted its base year rate application to the County for rate year 2021 (hereafter referred to as the Application). We enclose a copy of this Application as **Attachment A**. The County requires the franchise hauler to submit a base year rate application once every four (4) years. In accordance with the Manual, rate year 2021 is a base year. For the next three years, 2022 through 2024, rates will be set using the simplified interim year process (i.e., rate changes tied to the change in CPI).

CGS's Application to the County projected a rate increase was needed to cover a combined \$83,928 estimated net shortfall, including franchise fees, for 2021. CGS requested an increase of 10.56 percent to cover this shortfall.

We relied on un-audited, internally prepared financial information, and operational data for our Analysis. CGS provided actual data for rate year 2019. Republic also provided internally prepared financial information and operational data for rate years 2020 (estimated) and 2021 (projected), and additional information and data requested by Crowe.

G. Review of 2021 Base Year Rate Application

This section details findings from Crowe's review of CGS's 2021 Application. Crowe identified the impact of each finding in terms of a dollar value increase or a decrease in the "revenue requirement" identified in the Application. The revenue requirement is the amount of revenue that Republic needs to collect, through rates charged to customers, to cover costs of providing the service plus a reasonable financial return. Increasing the revenue requirement results in an increase in rates, and decreasing the revenue requirement results in a decrease in rates.

Crowe reviewed the Application for consistency with the rate setting methodology, County policies, and waste management industry practices. In our review of Republic financial results, we compared year-to-

year changes in revenues and costs for reasonableness and solicited explanations from Republic for material changes. Our adjusted rate model is provided in **Attachment B**.

Most Crockett area costs are consolidated with costs from other divisions of Richmond Sanitary Service, Inc. and the consolidated financial statements are subject to routine audits.² CGS provided actual consolidated costs for 2019. CGS also provided its cost allocation method, and calculations used to determine Crockett area costs. CGS used a route hour method to allocate costs from the consolidated level to Crockett areas.

CGS' cost allocation calculations were based on factors including drive bys per hour and lifts per hour. CGS then determined the percent of total hours spent serving Crockett areas, and allocated consolidated costs to Crockett areas based on this route-hour percentage. We found this cost allocation method acceptable and consistent with industry norms. Republic Services allocated 25.26 percent of consolidated costs to Crockett. This percentage is consistent with the allocation percentage used by Republic in prior CGS base years.

We reviewed CGS's historical revenues and costs to understand the basis for the rate increase identified by CGS in its Application. We determined that the need for a rate increase, for this year, resulted from three (3) primary components:

- **Increases in labor costs** – These costs are associated with increases in union labor wage rates and benefits specified in *Teamsters Local 315* union agreements.
- **Increases in tipping fee costs** – Total tipping fee costs increased over the 2017 to 2020 period resulting from a 17% increases in municipal solid waste and an increase in tipping fee rates (approximately three (3) percent per year) over the three year period.
- **Increasing costs to process recyclables** – With the increasing challenges following China Sword the sale of recyclable material turned from a revenue stream in 2017 (+\$10 per ton) to a significant cost (-\$96 per ton). Recycled materials sales revenues declined over \$50,000 between 2017 and 2020.

Table 3 summarizes eight (8) adjustments from our review of CGS's 2021 Base Year Application. Our adjustments reduce the revenue requirement by \$11,978. With these adjustments, CGS will operate at a shortfall of \$71,950.

One of the adjustments (-\$13,750) was for profit allowed on tipping fees. We set tipping fees with profit at \$45.00 per ton and treated amounts over \$45.00 per ton as a pass-through expense, consistent with treatment in the last three Crockett area base year rate reviews. Several adjustments were to use a cost escalation rate equal to the most recent change in the SF Bay Area CPI (August to August) which equaled 1.6 percent. Another adjustment (-\$2,253) was for allowable operating profit. Because CSS is projected to earn an actual operating ratio outside the 88 to 92 percent operating ratio range specified in the Allied Manual, we reset the allowable Base Year operating ratio to the 90 percent target operating ratio.³

We also noted that the company uses relatively large overtime levels to serve Crockett areas. We inquired about this observation and CSS indicated that this resulted from difficulty in maintaining driver headcount. CGS also uses a 10 hour workday to accommodate longer routes.

² Since July 2008, most Crockett costs are allocated from Republic Services' combined costs of serving the Berkeley (commercial), Crockett, El Cerrito, and Rodeo areas. The cost of preparing audited financial statements solely for CGS would be a significant allowable expense for rate setting purposes if arranged by the Contractor, which would potentially warrant a substantive rate increase due to the limited customer base available in the franchise area from which to spread this cost.

³ The operating ratio (OR) is defined as total allowable costs divided by the sum of total allowable costs plus total allowable operating profits.

We also verified that the general and administrative expenses fell within a reasonable levels (10%) when viewed as a percent of the total revenue requirement for the company.

Table 3
Rate Adjustment Summary

Adjustment Description	Amount of Adjustment
1. Use of 3.5% direct labor escalation rate (based on a combination of labor agreement escalations for hourly rates and benefits)	(\$1,637)
2. Use of \$45 per ton as allowable tipping fee amount based on historical Crockett treatment and use of 1.6% as escalation rate based on recent Aug to Aug change in the CPI	(\$15,910)
3. Use of 1.6% escalation rate based on recent Aug to Aug change in the CPI for corporate and local general and administrative costs	(\$1,115)
4. Use of 1.6% escalation rate based on recent Aug to Aug change in the CPI for trucking and equipment costs	(\$1,604)
5. Use of 1.6% escalation rate based on recent Aug to Aug change in the CPI for depreciation and other operating costs	(\$12)
6. Adjustment to allowable operating profit based on adjustments noted in Items 1-5 above	(\$2,253)
7. Shift of excess amount of tipping fee above \$45 per ton from allowable tipping fee amount to pass through amount (based on historical Crockett treatment) and use of 1.6% as escalation rate based on recent Aug to Aug change in the CPI	11,391
8. Adjustment to franchise fees based on items 1-7 above	(\$838)
Total reduction to revenue requirement	(\$11,978)

H. Comparison of Rates to Neighboring Jurisdictions

Current 2020 Crockett area rates were compared with survey data from ten other jurisdictions. Results of the survey are summarized in **Attachment C**. Tables C-1 and C-2 show how selected current 2020 Crockett area rates compare to the average of the jurisdictions surveyed.

In Table C-1, we compare residential 20-, 32-, 64-, and 96-gallon CGS rates with averages of the comparable neighboring jurisdictions. CGS residential rates were between 11.55 and 27.05 percent below comparative residential rates. Commercial rates for the 2 yard bin service (1 time and 2 times per week collection) were well below comparative averages.

* * * *

This Analysis is substantially different from an audit, examination, or review in accordance with Generally Accepted Auditing Standards, the objective of which is to express an opinion regarding CGS financial statements. Accordingly, we do not express such an opinion.

The consulting services did not contemplate obtaining the understanding of CGS internal controls or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit or examination. Thus, this engagement was not intended to provide assurance that we would become aware of significant

matters that would be disclosed in an audit or examination.

As part of this Analysis, the County agreed to be responsible to: make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services; and establish and maintain internal controls, including monitoring ongoing activities. The County has authority for recommending rate changes and has the ultimate authority to approve rate changes.

Crowe's fees are not dependent upon the outcome of this report and Crowe is independent with respect to any other economic interests.

We appreciate the contribution of County management and your input and direction on this project. We also thank CGS management and staff for its timely responses to our data requests. If you have any questions regarding this report, please call Erik Nylund at (415) 230-4963, or email erik.nylund@crowe.com.

Crowe LLP



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Attachment A: Rate Application

Attachment A includes the 2021 Base Year Rate Change Application (Application) submitted by CGS to the County November 20, 2020. In the Application, CGS proposed to increase collection rates by 10.56 percent for 2021. The Application included the following forms:

- Financial information
- Cost Summary for 2019
- Revenue Summary
- Single Family Residential Summary (note that the current rates shown on this page of the Application were incorrect)
- Operating Information
- Rate Change Requested (note that the current rates shown on this page of the Application were incorrect).

Information provided in the Application was for the following four (4) years:

- Actual prior years, 2017, 2018, 2019
- Current year estimated, 2020
- Base year projected, 2021.



REPUBLIC SERVICES

3260 BLUME DRIVE • SUITE 115 • RICHMOND, CALIFORNIA 94806

November 20, 2020

Ms. Deidra Dingman, Conservation Programs Manager
Contra Costa County Department of Community Development
30 Muir Road
Martinez, CA 94553

Dear Ms. Dingman:

Re: APPLICATION FOR 2021 BASE YEAR RATE ADJUSTMENT -
CROCKETT-TORMEY-PORT COSTA

As provided for in the Franchise Agreement between Contra Costa County and Crockett Garbage Service dated November 5, 1996, as amended, and in accordance with the Rate Setting Process and Methodology Manual for Solid Waste Charges dated June 30, 2003, enclosed is the application for Base Year Rate Adjustment to be effective May 1, 2021.

We will appreciate an opportunity to go over this Application with you at your earliest convenience to discuss any concerns.

In the meantime, inasmuch as it does contain proprietary information, it is respectfully requested the Application be held in the strictest of confidence. If you have any questions, please let us know.

Very truly yours,

A handwritten signature in blue ink that reads "S. Moberg".

Shawn Moberg
General Manager

Enclosure

Cc: J. Coverston
W. Lau
B. Moore



Contra Costa County (Crockett)

Base Year Rate Change Application

Financial Information

Actual Historical Years			Estimated Current Year	Projected Base Year
Year 1	Year 2	Year 3	Year 4	Year 5
2017	2018	2019	2020	2021

Section I -- Allowable Costs

	2017	2018	2019	2020	2021
1. Direct Labor	\$ 233,453	\$ 235,058	\$ 231,568	\$ 224,603	\$ 233,587
2. Tipping Fees (Profit Allowed)	136,067	135,247	143,682	137,665	141,795
3. Corporate and Local General and Administrative Costs	80,497	91,958	76,039	79,119	81,492
4. Depreciation and Other Operating Costs	1,032	1,006	829	864	890
5. Services Provided to County	-	-	-	-	-
6. Trucking and Equipment	78,874	81,417	81,539	66,578	69,241
7. Total Allowable Costs (Lines 1+2+3+4+5+6)	\$ 529,923	\$ 544,686	\$ 533,658	\$ 508,829	\$ 527,006

Section II -- Allowable Operating Profit

	90%	90%	90%	90%	90%
8. Operating Ratio					
9. Allowable Operating Profit [(Line 7 / 0.9)-Line 7]	\$ 58,880	\$ 60,521	\$ 59,295	\$ 56,537	\$ 58,556

Section III -- Pass Through Costs without Franchise Fees

	2017	2018	2019	2020	2021
10. County Administrative Fee	\$ -	\$ -	\$ -	\$ -	\$ -
11. Tipping Fees (Pass Through)	92,312	114,751	122,857	123,349	127,667
12. Trucking and Equipment (Equipment Rental)	53,107	57,258	55,652	55,976	55,976
13. Total Pass Through Costs (without Franchise Fees) (Lines 8+9)	\$ 145,419	\$ 172,009	\$ 178,508	\$ 179,325	\$ 183,642

Section IV -- Revenue Requirement without Franchise Fees

14. Total Allowable Costs (Line 7) plus Allowable Operating Profit (Line 9) plus Total Pass Through Costs (without Franchise Fees) (Line 13)	\$ 734,222	\$ 777,216	\$ 771,461	\$ 744,690	\$ 769,204
15. Less Credit for Enhanced Services per Post-Collection Agreement					\$ -
16. Adjusted Revenue Requirement (without Franchise Fees) (line 14-15)					\$ 769,204

Section V -- Revenues without Rate Change in Base Year

17. Residential Revenues					\$ 710,323
18. Less Allowance for Uncollectible Residential Accounts					(4,972)
19. Total Residential Revenues (without Rate Change in Base Year)	\$ 592,933	\$ 664,871	\$ 701,371	\$ 705,351	\$ 705,351
20. Commercial and Light Industrial Revenues					\$ 90,309
21. Less Allowance for uncollectible Commercial and Light Industrial Accounts					(632)
22. Total Commercial/Light Industrial Revenues (without Rate Change in Base Year)	\$ 69,612	\$ 60,018	\$ 66,886	\$ 89,677	\$ 89,677
23. Recycled Material Sales (N/A if Use IRRF)	\$ 3,666	\$ (11,531)	\$ (49,837)	\$ (51,855)	\$ (51,855)
24. Total Revenues (Lines 19+22+23)	\$ 666,211	\$ 713,359	\$ 718,420	\$ 743,173	\$ 743,173

Section VI -- Net Shortfall (Surplus)

25. Net Shortfall (Surplus) without Franchise Fees (Lines 16-Line 24)					\$ 26,031
26. Residential / Commercial / Light Industrial Franchise Fees (see calculation below)	\$ 25,900	\$ 57,241	\$ 59,323	\$ 56,052	\$ 57,897
27. Net Shortfall (Surplus) with Franchise Fees (Lines 25+26)					\$ 83,928
28. Contribution From/(To) Rate Stabilization Fund					\$ -
29. Adjusted Net Shortfall (Surplus) with Franchise Fees (Lines 27+28)					\$ 83,928

Section VII -- Percent Change in Rates

30. Total Commercial / Light Industrial Revenues Prior to Rate Change (Lines 19+22)					\$ 795,027
31. Percent Change in Existing Residential / Commercial / Light Industrial Rates (Line 29 / Line 30)					10.56%

Franchise Fee Calculation

Franchise fees are set by the County at a percent of the revenue requirement. Solve for two equations with one unknown, and identify franchise fees as X =>
Equation 1) Revenue Requirement x Franchise Fee % = X
Equation 2) Revenue Requirement = Line 13 + X, or \$ _____ + X
Substitute equation 2) into equation 1) and solve for X =>
(\$ _____ + X) x Franchise Fee % = X or X = _____

Summary Revenue Requirement

32. Total Allowable Costs (Line 7)	\$ 527,006
33. Allowable Operating Profits (Line 9)	58,556
34. Pass Through Costs with Franchise Fees (Line 13+26)	241,539
35. Revenue Requirement	\$ 827,101



Ms. Deidra Dingman
March 11, 2021

Contra Costa County (Crockett)

Base Year Rate Change Application

Cost Summary for Year 2015

Section VIII -- Base Year Cost Allocation

Description of Cost	2019 Crockett	Allocation Base(s)
Labor - Regular	\$ 176,250	Labor Hours
Labor - Overtime	-	Labor Hours
Benefits	44,257	Labor Hours
Payroll Taxes	11,061	Labor Hours
33. Total Direct Labor	\$ 231,568	
34. Total Tipping Fees (Profit Allowed)	\$ 143,682	Actual Tons
Bank Fees	\$ 7,137	Accounts
Bonus Pay Corporate	\$ -	Accounts
Collection Fees	\$ 59	Accounts
Computer Services	-	Accounts
Consulting and Professional Fees	136	Direct
Dues and Subscriptions	-	Accounts
Insurance	14,211	Accounts
Laundry and Uniforms	1,962	Accounts
Management Fees/Corporate Overhead	42,447	Accounts
Miscellaneous and Other	(92)	Accounts
Office Expenses	-	Accounts
Office Repair and Maintenance	-	Accounts
Outsource Billing	500	Accounts
Postage	-	Accounts
Public Relations and Promotion	-	Accounts
Relocation and Recruiting	-	Accounts
Sales and Marketing Misc.	333	Accounts
Taxes and Licenses	-	Accounts
Telephone	71	Accounts
Travel	-	Accounts
Utilities	9,275	Accounts
35. Total Corporate and Local General and Administrative Costs	\$ 76,039	
Depreciation-Buildings	\$ -	
Depreciation-Office Furniture and Equipment	-	Accounts
Depreciation-Vehicles	-	Direct
Depreciation-Containers	-	Direct
Depreciation-Equipment	-	Direct
Other Operating Costs	829	Accounts
36. Total Depreciation and Other Operating Costs	\$ 829	
37. Total Services Provided to County	\$ -	Direct
38. Total Allowable Costs (Lines 33+34+35+36+37)	\$ 452,119	
39. Total County Administration Fee		
Equipment Rental	\$ 55,652	Direct
Gas and Oil	31,249	Accounts
Parts	14,108	Accounts
Repair and Maintenance	1,511	Accounts
Tires	6,379	Accounts
Other	28,292	Accounts
40. Total Trucking and Equipment	\$ 137,191	
41. Total Tipping Fees (Pass Through)	\$ 122,857	Actual Tons
42. Total Residential/Commercial/Light Industrial Franchise Fees	\$ 59,323	Direct
43. Total Pass Through Costs (Lines 39+40+41+42)	\$ 319,370	
44. Total Costs (Lines 38+43)	\$ 771,489	

Contra Costa County (Crockett)

Base Year Rate Change Application

Revenues Summary

	Section IX - Revenues				
	Actual Historical Years			Estimated Current Year	Projected Base Year
	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021
Single Family Residential Services					
43. Single Family Residential Revenues	\$ 597,113	\$ 669,558	\$ 706,315	\$ 710,323	\$ 710,323
Multiunit Residential Services					
44. Number of Accounts					
45. Multiunit Residential Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
46. Residential Revenues (w/o Allowance for Uncollectible Accounts) (Lines 43+45)	\$ 597,113	\$ 669,558	\$ 706,315	\$ 710,323	\$ 710,323
47. Allowance for Uncollectible Residential Accounts	\$ 4,180	\$ 4,687	\$ 4,944	\$ 4,972	\$ 4,972
48. Total Residential Revenues (Line 46 - Line 47)	\$ 592,933	\$ 664,871	\$ 701,371	\$ 705,351	\$ 705,351
Commercial and Light Industrial Can Services					
49. Number of Accounts					
50. Commercial and Light Industrial Can Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and Light Industrial Bin Services					
51. Number of Accounts					
52. Commercial and Light Industrial Bin Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial and Light Industrial Drop Box Services					
53. Number of Accounts	5	5	5	6	6
54. Commercial and Light Industrial Drop Box Revenues	\$ 70,102	\$ 60,442	\$ 67,357	\$ 90,309	\$ 90,309
55. Commercial and Light Industrial Revenues (w/o Allowance for Uncollectible Accounts) (Lines 50+52+54)	\$ 70,102	\$ 60,442	\$ 67,357	\$ 90,309	\$ 90,309
56. Allowance for Uncollectible Commercial and Light Industrial Accounts	\$ 491	\$ 423	\$ 471	\$ 632	\$ 632
57. Total Commercial and Light Industrial Revenues (Line 55 - Line 56)	\$ 69,612	\$ 60,018	\$ 66,886	\$ 89,677	\$ 89,677
58. Recycled Material Sales	\$ 3,666	\$ (11,531)	\$ (49,837)	\$ (51,855)	\$ (51,855)
59. Total Revenues (Lines 48+57+58)	\$ 666,211	\$ 713,359	\$ 718,420	\$ 743,173	\$ 743,173

Year:

Contra Costa County (Crockett)

Base Year Rate Change Application

Single Family Residential Revenues Summary

Section X -- Single Family Residential Revenues and Customer Counts

				2021 Base Year Revenues
Single Family Residential Revenues (w/o Rate Change in Base Year)				
		Current	Projected	Total ^{a/}
		Rate/Month	Accounts	
Residential-Curbside				
35 Gallon Container	40.19	789		380,519
45 Gallon Container	51.54	3		1,855
65 Gallon Container	66.81	142		113,844
95 Gallon Container	80.13	12		11,539
20 Gallon Mini-Can	34.66	84		34,937
Residential-Backyard				
20 Gallon Mini-Can	34.66	83		34,521
35 Gallon Container	41.12	113		55,759
45 Gallon Container	52.53	11		6,934
60. Total Base Year Single Family Residential Revenues			1,154	\$ 605,387

^{a/} Equal to the current rate per month multiplied by 12 multiplied by the projected number of accounts.

Contra Costa County (Crockett)

Base Year Rate Change Application

Operating Information

Historical Information	Percent Change	Historical Information	Percent Change	Current Year Estimated Information	Percent Change	Base Year Projected Information	Percent Change	Base Year Projected Information
Year 1	Year 1 to 2	Year 2	Year 2 to 3	Year 3	Year 3 to 4	Year 4	Year 4 to 5	Year 5
2017		2018		2019		2020		2021

Section XI -- Operating Data

Accounts

61. Residential	1,271	0.00%	1,271	0.31%	1,275	0.47%	1,281	0.00%	1,281
62. Commercial	28	-3.57%	27	0.00%	27	-7.41%	25	0.00%	25
63. Light Industrial	5	0.00%	5	0.00%	5	20.00%	6	0.00%	6
64. Total Accounts	1,304	-0.08%	1,303	0.31%	1,307	0.38%	1,312	0.00%	1,312

Waste Tonnage

65. Residential	1,463	-6.03%	1,374	-7.38%	1,273	-12.37%	1,116	0.00%	1,116
66. Residential Greenwaste	887	-28.10%	637	-9.20%	579	7.18%	620	0.00%	620
67. Commercial	12	40.47%	16	16.09%	19	2.98%	19	0.00%	19
68. Light Industrial	96	-21.86%	75	11.82%	84	-18.24%	69	0.00%	69
69. Total Tonnage	2,457	-14.40%	2,103	-7.06%	1,955	-6.68%	1,824	0.00%	1,824

Recyclable Tonnage

70. Residential	354	38.24%	489	8.16%	529	1.53%	538	0.00%	538
71. Commercial		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!	
72. Light Industrial	103	0	153	1	256	0	232	0	232
73. Total Tonnage	457	40.58%	642	22.24%	785	-2.05%	769	0.00%	769

County Services

74. County Bins	70	0.00%	70	0.00%	70	0.00%	70	0.00%	70
75. County Drop Boxes		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!	

Section XII -- Change in Commercial Rates

76. 1 Yard Bin -- Once per Week	\$ 138.45	8.49%	\$ 150.20	4.27%	\$ 156.61	2.72%	\$ 160.87	10.56%	\$ 177.85
77. 2 Yard Bin -- Once per Week	185.98	8.49%	201.77	4.27%	210.39	2.72%	216.11	10.56%	238.92
78. 20 Yard Debris Box -- per Pick Up	\$ 392.13	8.49%	\$ 425.42	4.27%	\$ 443.59	2.72%	\$ 455.66	10.56%	\$ 503.76

Contra Costa County (Crockett)

Base Year Rate Change Application

Unincorporated Area: All Areas

Rate Change

79. Rate Change Requested

10.56%

Rate Schedule

New

Rate schedule	Current Rate (w/o IRRF)	New Rate, Before Adjustment	Adjustment (a)	Rate
Residential-Curbside				
35 Gallon Container	\$ 40.19	44.43	0.02	44.45
45 Gallon Container	\$ 51.54	56.98	0.02	57.00
65 Gallon Container	\$ 66.81	73.86	(0.01)	73.85
95 Gallon Container	\$ 80.13	88.59	0.01	88.60
20 Gallon Mini-Can	\$ 34.66	38.32	(0.02)	38.30
Residential-Backyard				
20 Gallon Mini-Can	\$ 34.66	38.32	(0.02)	38.30
35 Gallon Container	\$ 41.12	45.46	(0.01)	45.45
45 Gallon Container	\$ 52.53	58.08	0.02	58.10

80. Multiunit Residential

Rate increase of 10.56% will be applied to all rates in each structure with each rate rounded up or down to the nearest \$0.05.

Certificate

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

Name: Winnie Lau

Title: Business Unit Finance Manager

Signature:

Date:

Year:

Attachment B: Adjusted Rate Model

Exhibit B-1, on the next page, of this appendix provides the adjusted base year rate model based on Crowe adjustments. The model reflects the following general adjustments:

Revenues

- No changes

Allowable Costs/Profits

- Minor \$1,637 reduction to direct labor
- Moderate \$15,910 reduction to tipping fee costs (with profit), including a reduction of \$13,750 for the reduction from the \$50 per ton allowed with profit to \$45 per ton allowed with profit and an amount of \$2,160 to use an escalation factor of 1.6% compared to 3%
- Minor \$1,115 reduction to corporate and local general and administrative costs
- Minor \$1,604 reduction to truck and equipment costs
- Minor \$12 reduction to depreciation and other operating costs
- Minor \$2,253 reduction to allowable operating profit
- Moderate \$11,391 increase to tipping fee costs (a pass-through expense)
- Minor \$838 reduction to franchise fees (a pass-through expense).

**County
Base Year
Rate Change Application**

Financial Information

Actual Historical Years			Estimated Current Year	Projected Base Year	Crowe Adjustments	Adjusted Base Year
Year 1	Year 2	Year 3	Year 4	Year 5		Year 5
2017	2018	2019	2020	2021		2021

Section I - Allowable Costs

1. Direct Labor	233,453	235,058	231,568	224,603	233,587	(1,637)	231,950
2. Tipping Fees (Profit Allowed @ \$45/ton)	136,067	135,247	143,682	137,665	141,795	(15,910)	125,885
3. Corporate and Local General and Administrative Costs	80,497	91,958	76,039	79,119	81,492	(1,115)	80,377
4. Trucking and Equipment	78,874	81,417	81,539	66,578	69,241	(1,604)	67,637
5. Depreciation and Other Operating Costs	1,032	1,006	829	864	890	(12)	878
6. Services Provided to County	-	-	-	-	-	-	-
7. Total Allowable Costs (Lines 1+2+3+4+5+6)	529,923	544,686	533,657	508,829	527,005	(20,279)	506,726

Section II - Allowable Operating Profit

8. Operating Ratio	90.0%	90.0%	90.0%	90.0%	90.0%		90.0%
9. Allowable Operating Profit [(Line 7 / Line 8) - Line 7]	58,880	60,521	59,295	56,537	58,556	(2,253)	56,303

Section III - Pass Through Costs without Franchise Fees

10. Administrative Fee	-	-	-	-	-	-	-
11. Trucking and Equipment (Equipment Rental)	53,107	57,258	56,652	55,976	55,976	-	55,976
12. Tipping Fees (Pass Through)	92,312	114,751	122,857	123,349	127,667	11,391	139,058
13. Total Pass Through costs (without Franchise Fees) (Lines 10+11)	145,419	172,009	178,509	179,325	183,643	11,391	195,034

Section IV - Revenue Requirement without Franchise Fees

14. Total Allowable Costs (Line 7) plus Allowable Operating Profit (Line 9) plus Total Pass Through Costs (without Franchise Fees) (Line 13)	734,222	777,216	771,462	744,691	769,204	11,140	758,064
15. Less Credit for Enhanced Services per Post-Collection Agreement						-	
16. Adjusted Revenue Requirement (withouth Franchise Fees) (line 14-15)					769,204	(11,140)	758,064

Section V - Revenue without Rate Change in Base Year

17. Residential Revenue					710,323	-	710,323
18. Less Allowance for Uncollectible Residential Account:					4,972	-	4,972
19. Total Residential Revenue (without Rate Change in Base Year)	592,933	664,871	701,371	705,351	705,351	-	705,351
20. Commercial and Light Industrial Revenue					90,309	-	90,309
21. Less Allowance for Uncollectible Commercial and Light Industrial Account:					632	-	632
22. Total Commercial/Light Industrial Revenue (without Rate Change in Base Year)	69,812	60,018	66,886	89,677	89,677	-	89,677
23. Recycled Material Sales	3,666	(11,531)	(49,837)	(51,855)	(51,855)	-	(51,855)
24. Total Revenue (Lines 19+22+23)	666,211	713,358	718,420	743,173	743,173	-	743,173

Section VI - Net Shortfall (Surplus)

25. Net Shortfall (Surplus) without Franchise Fees (Line 16 - Line 24)					26,032	(11,140)	14,891
26. Residential/Commercial/Light Industrial Franchise Fees (see calculation below)	25,900	57,241	59,323	56,052	57,897	(838)	57,059
27. Net Shortfall (Surplus) with Franchise Fees (Line 25 + 26)					83,929	(11,978)	71,950
28. Contribution From/(To) Rate Stabilization Func					-	-	-
29. Adjusted Net Shortfall (Surplus) with Franchise Fees (Lines 27+28)					83,929	11,978	71,950

Section VII - Percent Change in Rates

30. Total Residential/Commercial/Light Industrial Revenue Prior to Rate Change (Lines 19 + 22)					795,028	-	795,028
31. Percent Change in Existing Residential/Commercial/Light Industrial Rates (Line 29 / Line 30)					10.56%	-1.51%	9.05%

Franchise Fee Calculation

Equation 1) Line 13 X .10 = X	2021
Equation 2) Line 13 + X	
X = (Line 13 x 0.07) / 0.93	57,897

Summary Revenue Requirement

32. Total Allowable Costs (Line 7)	527,005	(20,279)	506,726
33. Allowable Operating Profits (Line 9)	58,556	(2,253)	56,303
34. Total Pass Through Costs (with Franchise Fees) (Line 13+26)	241,540	10,553	252,093
35. 2020 Revenue Requirement (Lines 32+33+34)	827,101	(11,978)	815,123
Franchise Fee Rate			7.00%

Attachment C: Comparative Rate Survey

Tables C-1 and **C-2** on the following page includes results of a survey of comparative residential and commercial rates. We provide comparisons between CGS rates and the following ten (10) similar jurisdictions:

- Albany
- Berkeley
- El Cerrito
- Hercules
- Kensington
- Oakland
- Pinole
- Richmond
- Rodeo
- San Pablo

It is important to provide context and caveats for making comparisons of rates to other jurisdictions. For example, other jurisdiction's rates may be higher or lower based on factors such as different:

- Levels of refuse collection service
- Historical rate setting practices
- Franchise terms and conditions (e.g., term)
- Cost structures
- Cross-subsidies
- Equipment/vehicle procurement and maintenance practices
- Franchise fee levels
- Levels of jurisdictional "free" services
- Rate structures.

Table C-1
Crockett Garbage Service Inc.
Comparison of Residential Rates with Neighboring Jurisdictions
(Per Customer, Per Month)

Jurisdiction	20 Gallon	32 Gallon	64 Gallon	96 Gallon
Albany	\$40.05	\$44.84	\$77.51	\$110.15
Berkeley	27.30	43.66	87.28	130.87
El Cerrito	44.72	58.60	116.37	N/A
Hercules	34.11	40.15	70.83	102.43
Kensington	45.04	49.04	-	-
Oakland	25.21	41.06	81.51	122.02
Pinole	31.11	37.21	66.28	96.29
Richmond	33.97	41.18	77.97	115.80
Rodeo	27.95	29.99	36.59	50.31
San Pablo	27.44	33.59	65.11	97.59
Mean	\$33.69	\$41.93	\$75.49	\$103.18
Crockett Curbside (current)	\$29.80	\$35.33	\$61.95	\$75.27
\$ Difference from Mean	\$(3.89)	\$(6.60)	\$(13.54)	\$(27.91)
% Difference from Mean	-11.55%	-15.74%	-17.94%	-27.05%

Table C-2
Crockett Garbage Service Inc.
Comparison of Commercial Rates with Neighboring Jurisdictions
(Per Customer, Per Month)

Jurisdiction	2 yd x 1 time/wk.	2 yd x 2 times/wk.
Albany	\$357.34	\$714.68
Berkeley	293.84	617.02
El Cerrito	774.61	1,501.23
Hercules	500.73	919.60
Kensington	107.98	215.96
Oakland	501.28	1,002.59
Pinole	481.77	889.90
Richmond	468.43	862.86
Rodeo	194.46	388.89
San Pablo	442.78	816.29
Mean	\$412.32	\$792.90
Crockett Curbside (current)	\$216.11	\$326.52
\$ Difference from Mean	\$(196.21)	\$(466.38)
% Difference from Mean	-47.59%	-58.82%