



MEMORANDUM TO: Board of Directors

FROM: Naomi Lue, Zero Waste Supervisor

SUBJECT: WMAC Disposal Agreement
(May 1, 2009) Contract Amendment
No. 1 effective March 8, 2023

DATE: March 8, 2023

Contract Amendment No. 1

Attached please see updated changes to the Disposal Service Agreement, executed between Castro Valley Sanitary District and Waste Management of Alameda County, Inc. (WMAC) for March 8, 2023.

1. Exhibit 2, Refuse Rate Index
 - a. Page 50: Updated Refuse Rate Index (RRI) calculation to use Compressed Natural Gas (CNG) Index, matching the fuel that WMAC has been using. Updated language uses the Diesel Index if the Diesel Index is lower, until the Diesel Index is higher than CNG. The first year CNG is lower than Diesel the RRI will apply a 9% negative adjustment to the Diesel index as a credit to be used in the RRI. In subsequent years the RRI will use the year over year change in the CNG index.

Cc: Christopher Diaz, Attorney at Law
WMAC – B. Cea, E. Creason
ACI – K. Kenney, C. Valbusa, D. Halleck Ventura
CVSan – R. Williams, J. Figueiredo, E. Nava, C. Caceres, P. Solanki, file
HF&H Consultants – D. Hilton

Exhibit 2 Refuse Rate Index

Castro Valley Sanitary District

On or before February 1, CONTRACTOR shall submit the annual Refuse Rate Index (RRI) adjustment request to the DISTRICT for review. The "Refuse Rate Index" RRI adjustment shall be calculated in the following manner:

The expenses of the disposal services for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.

12. The expenses of the disposal services shall be broken down into the following five cost categories: Labor; ~~Diesel~~Fuel; Vehicle Replacement; Vehicle Maintenance and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.

23. The following indices published by the United States Department of Labor, Bureau of Labor Statistics (BLS) and Pacific Gas and Electric, are used to calculate the adjustment for each cost category. The change in each index is calculated on a twelve-month fiscal period in accordance with the terms of the Agreement. In the event any index is discontinued, a successor index shall be selected by mutual agreement of the parties. Successor indices shall be those indices that are most closely equivalent to the discontinued indices as recommended by the BLS.

3. The Fuel cost category shall use the Diesel Index or Compressed Natural Gas (CNG) Index based on the following methodology:

a. If the Diesel Index was used in the prior RRI adjustment and the change in the Diesel Index is lower than the change in the CNG Index in the current RRI adjustment, the Diesel Index will be used in the current RRI adjustment calculation.

b. If the Diesel Index was used in the prior RRI adjustment and the change in the Diesel Index is higher than the change in the CNG index in the current RRI adjustment, the CNG Index will be used in future RRI adjustment calculations.

i. For the first RRI adjustment using the CNG Index in place of the Diesel Index, the change in the Diesel Index less 9% of the total change in the Diesel index shall be used in the current RRI calculation.

ii. After switching to the CNG Index, using the method above, the following RRI adjustments shall use the actual change in the CNG index for the Fuel cost category.

c. Example - Switching to the CNG Index (i)

Fiscal Year 1 = Use the Diesel Index (20%) in the RRI adjustment calculation

Change in Diesel Index = 20%



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Change in CNG Index = 22%

Fiscal Year 2 = Use the Diesel Index less 9% (20%-9% = 11%) in the RRI adjustment calculation

Change in Diesel Index = 20%

Change in CNG Index = 15%

15% < 20% 20% - 9% = 11%

Fiscal Year 3 Onward = Use CNG Index

Cost Category

Index

Labor	Series ID: ceu6056210008 Service-Producing Industries
Diesel-Fuel*	Series ID: wpu057303 #2 Diesel Fuel <u>(Diesel Index) or Schedule G-NGV1 Natural Gas for Compression at Customer's Premises for Motor Vehicles (CNG Index)</u>
Vehicle Replacement	Series ID: pcu3362113362111 Truck, bus, car, and other vehicle bodies, for sale separately
Vehicle Maintenance	Series ID: pcu3339243339243 Parts and attachments for industrial work trucks
All Other	Series ID: cuura422sa0 Consumer Price Index, All Urban Consumers, All Items – Bay Area

*The Fuel Cost Category lists both a Diesel Fuel and Natural Gas Index. Application of either the Diesel Index or CNG in the RRI shall be determined in accordance with the methodology of Section 3 of Exhibit 2.

4. The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index (see Example).

Operating Cost Statement - Description

Labor: List all administrative, officer, operation and maintenance salary accounts.
List payroll tax accounts directly related to the above salary accounts.
List employee group medical and life accounts directly related to the above salary accounts.
List employee retirement or profit sharing contributions accounts directly related to the above salary accounts.

Diesel Fuel: List all diesel fuel accounts.

List all CNG fuel accounts.

Vehicle Replacement:

List all collection and collection related vehicle depreciation accounts.
List all vehicle lease or rental accounts related to collection or collection related vehicles.

Vehicle Maintenance:

List all collection or collection related vehicle parts accounts.

All Other: List all other expense accounts related to the services provided under this Agreement. This category includes all insurance including general liability, fire, truck damage, and extended coverage; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; non-diesel fuel; office supplies; postage; trade association dues and subscription; advertising; and miscellaneous other expenses.



RRI Example

Item #	Category	Data Source	Percentage Change	Item Weight	Weighted Percentage Change
1	Average Hourly Earnings	Series ID: ceu6056210008 Service-Producing Industries	2.19%	49.05%	1.07%
2	Diesel -Fuel	Series ID: wpu057303 #2 Diesel Fuel <u>or Schedule G-NGV1</u>	4.74%	13.15%	0.62%
3	Vehicle Replacement	Series ID: pcu3362113362111 Truck, bus, car, and other vehicle bodies, for sale separately	6.79%	2.57%	0.17%
4	Vehicle Maintenance	Series ID: pcu3339243339243 Parts and attachments for industrial work trucks	0.16%	13.46%	0.02%
5	CPI All Items	Series ID: cuura422sa0 Consumer Price Index, All Urban Consumers, All Items Bay Area	1.70%	21.77%	0.28%
Total				100.00%	2.16%

In this example, the Refuse Rate Index is 2.16%.