



Date: December 14, 2023
To: Board of Directors
From: David Aranda, Interim General Manager
Subject: Public Hearing on Proposed Automatic Inflation Adjustments And Increases To The Kensington Police Protection And Community Services District Solid Waste Rates

Background and Information

Please understand that per the contract with Bay View Refuse & Recycling an increase is allowed each year based on a formula as outlined in the contract. A copy of that portion of the contract is attached.

THE ONLY MEANS IN WHICH THE COST-OF-LIVING INCREASE WOULD NOT BE ALLOWED IS IF THE DISTRICT RECEIVED 50 PERCENT OF THE OWNERS IN KENSINGTON PLUS ONE OPPOSING THE INCREASE IN THE FORM OF A WRITTEN PROTEST.

As of this writing there have been no written protests received. The public hearing with comments from residents of Kensington should only revolve around the CPI increase.

Please note that agenda number 11 will address other issues that have been raised regarding solid waste fees. In the agenda 11 packet are fee comparisons of solid waste charges in surrounding communities.

I will now turn the public hearing over to President Aquino-Fike.

President Aquino-Fike will do the following:

1. Declare the hearing open.
2. Acknowledge that each property owner was mailed a letter informing them of the proposed CPI increase and the public hearing and the method of turning in a written protest.
3. Acknowledge written protests (Zero received to date)
4. Allow comments from the public both in person and on zoom.
5. Obtain Board Comments, if any.
6. Close the Public Hearing.

Exhibits

- Kensington CPI 2024 increase in rates

EXHIBIT B RATE ADJUSTMENT METHODOLOGY

General

Subject to the terms herein, the Contractor shall be entitled to an annual adjustment of all Rates. Contractor shall submit its calculation of a Rate adjustment to the District General Manager on or before October 1 of each year. Contractor's Rate calculations shall include a proposed new Rate schedule, all supporting calculations, and any other documentation or evidence determined by the District General Manager to be reasonably necessary to ensure that the calculation of Rate adjustments has been performed in strict conformance to the requirements of this Exhibit B.

The District General Manager shall make a good faith effort to approve Rates by November 1 of each year, and such Rates shall be effective on each subsequent January 1. If Rates are not effective by January 1 due to a delay caused solely by the District, District shall allow Contractor to retroactively bill Customers for the amount of the Rate increase for any period of said delay that is solely caused by the District. If Rates are not effective by January 1 as a result of Contractor's delay in submitting the Rate calculations in a complete and accurate form, then prior Rates remain in effect until such adjustment is made.

Index Rate Adjustment

The index Rate adjustment methodology involves adjusting then-current Rates by the CPI to determine the Rates for the coming calendar year. The intent of performing the index-based adjustment is to allow Contractor's Compensation to be adjusted annually throughout the Term of this Agreement using a simple mathematical formula based on a readily available price index, rather than conducting the rate adjustments through review of actual changes in Contractor's costs for providing service.

If the CPI is discontinued or revised during the Term by the BLS, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if said index had not been discontinued or revised.

Calculation Method

Contractor shall calculate the adjustment to its Rates using the following methodology:

Step 1: Determine the Annual Percentage Change in the CPI. The Annual Percentage Change means the percentage change in the CPI for August over the prior year as reported by the U.S. Bureau of Labor Statistics. As of the Effective Date, the percentage change in CPI shall be obtained from U.S. Bureau of Labor Statistics "Table 16. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, by expenditure category and commodity and service-group" for San Francisco-Oakland-San Jose, CA. An example of this table is provided herein. The Annual Percentage Change shall be rounded to the nearest tenth percent (0.1%).

EXHIBIT B RATE ADJUSTMENT METHODOLOGY

Table B. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, by expenditure category and commodity and service group-Continued
(1982=100, unless otherwise noted)

Demand group	Monthly index and percentage change ¹					
	San Francisco-Oakland-San Jose, CA			Seattle-Tacoma-Bremerton, WA		
	Index	Percent change from--		Index	Percent change from--	
		Aug. 2014	Aug. 2013		Aug. 2014	Aug. 2013
Expenditure category						
All items	253.354	3.0	0.0	247.185	1.8	-0.2
All items (1982=100) ²	778.880	-	-	753.515	-	-
Food and beverages	255.088	4.1	1.0	251.651	2.7	4
Food	254.888	3.9	.7	254.356	2.7	4
Food at home	248.412	5.4	.8	243.270	3.5	4
Food away from home	262.111	2.2	.6	271.967	1.7	.3
Alcoholic beverages	262.361	5.7	-0.0	219.352	2.5	1.2
Housing	279.769	4.2	1.0	252.951	3.7	.3
Shelter	315.155	4.8	1.2	293.351	4.4	5
Rent of primary residence ³	352.421	5.8	1.2	294.058	5.0	.9
Owners' equivalent rent of residences ^{3,4}	339.576	4.7	.6	303.595	4.6	6
Owners' equivalent rent of secondary residence ^{3,4}	339.576	4.7	.6	303.595	4.6	6
Fuels and utilities	331.826	2.7	.8	245.025	1.3	-1
Household energy	302.311	-3	-3.4	224.812	-1	-1
Energy services ⁵	302.077	-3	-3.3	254.627	3	0
Electricity ⁵	315.630	2.3	-4.6	279.135	3	0
Utility (speed) gas service ⁵	261.625	11.6	1.0	181.528	-1	0
Household furnishings and operations	132.845	.3	.3	170.341	.3	-4
Apparel	118.830	.8	1.8	132.457	.8	6
Transportation	198.602	.4	-3.6	232.224	-3	-2.7
Private transportation	187.215	.1	-3.1	244.322	4	-6
Motor fuel	297.489	2.0	-4.8	415.481	1.3	-2.4
Gasoline (all types)	295.273	2.0	-4.9	423.881	1.2	-2.4
Gasoline, unleaded regular ⁶	297.945	2.0	-4.9	466.790	1.2	-2.4
Gasoline, unleaded midgrade ^{6,8}	273.395	2.0	-4.7	325.075	1.0	-2.4
Gasoline, unleaded premium ⁶	274.718	1.9	-4.7	370.684	1.1	-2.2
Medical care	NA	-	-	NA	-	-
Recreation ⁷	169.846	-5	-7	95.950	-1.0	5
Education and communication ⁷	141.876	-1.1	-2	138.462	1.5	4
Other goods and services	427.337	2.5	-1	396.334	-1.8	1.8
Commodity and service group						
All items	253.354	3.0	0	247.185	1.8	-0.2
Commodities	184.735	1.3	-6	195.227	4	-3
Commodities less food and beverages	145.071	-7	-1.8	157.938	-1.1	-7
Nondurables less food and beverages	189.556	6	1.8	205.163	-3	-1.1
Durables	102.610	-2.5	-1.9	129.046	-2.1	-1
Services	310.910	3.8	.9	295.122	2.8	-1
Special aggregate indexes						
All items less medical care	245.286	2.7	.0	241.185	2.0	-1
All items less shelter	229.369	1.8	.7	230.237	6	-5
Commodities less food	150.288	-4	-1.4	170.191	-9	6
Nondurables	224.052	2.5	-2	228.273	1.1	-3
Services less rent of shelter ⁴	195.409	1.0	-1.1	207.589	0	-9
Services less medical care services	321.539	2.5	.8	304.823	9	-9
Energy	301.818	3.6	4	286.160	3.1	-2
All items less energy	302.711	1.3	-4.3	327.559	1.0	-1.6
All items less food and energy	253.827	3.1	.3	244.849	1.9	-1
All items less food	254.448	2.9	.2	243.471	1.7	-1

1 Areas on pricing schedule 1 (see table B.1) will appear as dashed lines.
2 Index on a 100-point scale for 1982 base in March.
3 The index series was calculated using a Laspeyres estimator. All other item category index series were calculated using a geometric mean estimator.
4 Index on a December 1982=100 base.
5 Speed of index based on a subsample of retail samples.
6 Index on a December 1982=100 base.
7 Index on a December 1982=100 base.
8 Data not available for publication.
9 Data not available.
NOTE: Index applies to a month as a whole, not to any specific date.

EXHIBIT B RATE ADJUSTMENT METHODOLOGY

Step 2: Specify the Rate Adjustment Factor, which shall equal:

1. The Annual Percentage Change in CPI (determined in Step 1) if the Annual Percentage Change is equal to or greater than 3.0% and equal to or less than 5.0%; or
2. 3.0% if the Annual Percentage Change in CPI is less than 3.0%; or,
3. 5.0% if the Annual Percentage Change in CPI is greater than 5.0%.

Step 3: Calculate the adjusted value for each Rate charged under this Agreement, rounded to the nearest cent, as follows:

Adjusted Rate = Then-current Rate x (1 + Rate Adjustment Factor) with the exception that the 20-gallon Rate shall equal the adjusted monthly 32-gallon Rate less \$4.00

For example, assuming:

1. Then-current Rate for a 32-gallon can = \$40.00
2. Rate Adjustment Factor = Annual Percentage Change in CPI = 3.54%
3. Adjusted Rate for a 32-gallon can = $\$40.00 \times (1 + 0.0354) = \41.42