



# Board Agenda Item 47

DATE: May 9, 2023

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director  
Department of Public Works and Planning

SUBJECT: Adjustment to Exclusive Service Area Program and Shaver Lake  
Transfer Station Maximum Rates

## RECOMMENDED ACTION(S):

- 1. Approve Annual adjustment to Exclusive Service Area Program rates, effective July 1, 2023, to reflect the change in the Consumer Price Index and American Avenue Disposal Site tipping fee; and**
- 2. Approve Annual adjustment to the Shaver Lake Transfer Station rates, effective July 1, 2023, to reflect the change in the Consumer Price Index.**

Approval of the recommended actions will adjust the Exclusive Service Area Program (ESAP) Schedule of Maximum Rates for Cart service, Bin service and Special Service rates, as well as the Schedule of Maximum Rates for Shaver Lake Transfer Station (SLTS). The ESAP Agreements between the County of Fresno and the eight exclusive solid waste haulers stipulates an adjustment to the service rates on an annual basis to account for fluctuations in the Consumer Price Index (CPI) and the American Avenue Disposal Site (AADS) tipping fee. Additionally, the Operator's Agreement between the County and the contracted facility operator for SLTS prescribes an annual adjustment to the service rates paid by customers that utilize SLTS. Similar to the ESAP Agreements, this adjustment also accounts for fluctuations in the CPI. This item is countywide.

## ALTERNATIVE ACTION(S):

There are no viable alternative actions. The annual rate adjustments are mandated by the provisions of each governing agreement.

## FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. ESAP customers are charged directly by haulers at the adjusted rates through periodic customer billings. SLTS customers are charged at the adjusted service rates when delivering material to the transfer station. Sufficient appropriations have been included in the FY 2022-23 Adopted Budget for the Department of Public Works and Planning's Resources Division Org 9015 for administration of the ESAP Program, including staff preparation of the annual rate adjustments and drafting of associated documentation.

## DISCUSSION:

### ESAP RATES

On October 31, 2017, the Board of Supervisors approved the Amended and Successor ESAP Agreements with the exclusive haulers for the provision of solid waste, recyclable material, green waste, and organic

material collection services. The Agreements provide for routine adjustments to the rates charged for those collection services. Approval of recommended action one will authorize adjustment of the Maximum Schedule of Rates for Cart service, Bin service, and Special Services to reflect an increase in the annual CPI, as well as the AADS tipping fee. Attachment 1 lists the new rates to become effective for 2023.

#### CPI Adjustments

Subject to approval by the Board each year, Section 7.2.C of the ESAP Agreements ("CPI Adjustment") specifies that each rate shall be adjusted based on the annual fluctuation in the CPI, which is expressed as a percentage change between the current and prior years. For the 2023 adjustment, the annual values for 2021 and 2022 were utilized. Staff compiles this data from the Bureau of Labor Statistics website. The specific CPI index referenced for annual adjustments is the CPI for All Urban Consumers for the San Francisco-Oakland-Hayward region, as prescribed in the ESAP Agreement. The CPI in 2021 was 309.721 and in 2022 was 327.060. The difference between the two is 17.339. Dividing 17.339 by the 2021 CPI of 309.721 results in a change of 5.598%. The CPI is then applied at 75 percent for Cart service (4.198%), and 65 percent for Bin service, Special Services, and Community Cleanup rates (3.639%). It should be noted that the CPI will not be applied to Community Cleanup rates until the exhaustion of all monies in the AADS Trust Fund. For 2023, CPI annual adjustments for Cart service range between \$1.21 and \$2.41 and between \$2.78 and \$54.05 for Bin service. Actual amount is determined by which Service Rate Area the customer resides in, either Zone 1, 2A, 2B, or 3, and the level of service elected (e.g. 2 cubic yard container collected once per week). CPI annual adjustments for Special Services, which consist of extra services beyond the base level of service (e.g. drive-in access charges) range between \$0.24 and \$8.36, depending on Service Rate Area and type of Special Service.

#### AADS Adjustments

Section 7.2.E of the ESAP Agreements ("Adjustment of the Disposal Tipping Fee Component") specifies that each rate may also be adjusted to reflect any change to the AADS tipping fee. The fee is expressed as a price per ton and is added to each rate proportionally based on service level. The AADS adjustment qualifies as a "Pass-Through Expense" as defined under Article I ("Definitions") of the Agreements, meaning haulers may charge the customer for this increase in collection costs. On February 10, 2015, the Board adopted Ordinance 15-001 amending Section 2800 ("Solid Waste") of the Master Schedule of Fees, Charges, and Recovered Costs to reflect an initial decrease of \$0.50 per ton effective March 10, 2015, and then a preset annual increase (2.5 percent) in the tipping fee effective July 1, 2016, and each July 1 thereafter through FY 2034-35. For 2023, the tipping fee increase is \$0.66 per ton. Calculations are commensurate with service level, resulting in an increase of between \$0.04 and \$0.10 for Cart service, and between \$0.21 and \$7.72 for Bin service. Special Services and Community Cleanup are not adjusted to account for changes to the AADS tipping fee.

#### SLTS RATES

Approval of recommended action two will authorize adjustment to the Schedule of Maximum Rates for SLTS. Section 5.B of the SLTS Operator's Agreement, approved by the Board on July 13, 2010 (Agreement No.10-390), stipulates that service rates at the transfer station shall be adjusted by the County on an annual basis to reflect the change in the CPI over the previous 12-month period. The CPI is applied at 100 percent for all SLTS service rates (e.g. Minimum Load). Accordingly, for 2023, rates will be adjusted to reflect the 5.598 percent increase in the CPI. Attachment 2 lists the new rates, which become effective July 1, 2023. Service rate adjustments reflect an increase between \$0.21 and \$2.26 depending on type of service.

#### REFERENCE MATERIAL:

BAI # 47, May 3, 2022  
BAI #10, October 31, 2017  
BAI #40, February 10, 2015  
BAI #71, July 13, 2010

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment 1

Attachment 2

CAO ANALYST:

Salvador Espino