



Board Agenda Item 47

DATE: May 3, 2022

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, 2022, 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, 2022, 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 2021-22 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 2022.

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 2021 adjustment, the annual values for 2019 and 2020 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 2020 was 300.084 and in 2021 was 309.721. The difference between the two is 9.637. Dividing 9.637 by the 2020 CPI of 300.084 results in a change of 3.211%. The CPI is then applied at 75 percent for Cart service (2.408%), and 65 percent for Bin service, Special Services, and Community Cleanup rates (2.087%). 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 2022, CPI annual adjustments for Cart service range between \$0.68 and \$1.35 and between \$1.56 and \$22.50 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 \$0.13 and \$4.80, 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 2022, 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 2022, rates will be adjusted to reflect the 3.211 percent increase in the CPI. Attachment 2 lists the new rates, which become effective July 1, 2022. Service rate adjustments reflect an increase between \$0.12 and \$1.26 depending on type of service.

REFERENCE MATERIAL:

BAI #43, April 27, 2021
BAI #33, April 14, 2020
BAI #50, April 23, 2019
BAI #38, May 08, 2018
BAI #51, January 23, 2018
BAI #10, October 31, 2017
BAI #45, March 28, 2017
BAI #54, May 10, 2016
BAI #39, March 10, 2015
BAI #40, February 10, 2015
BAI #5, January 13, 2015
BAI #6, December 16, 2014
BAI #71, July 13, 2010

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment 1
Attachment 2

CAO ANALYST:

Ron Alexander