



# Board Agenda Item 33

DATE: April 14, 2020

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 adjustment to Exclusive Service Area Program Maximum Cart, Bin and Special Service rates, effective July 1, 2020, to reflect the escalation in the Consumer Price Index and increase in the American Avenue Disposal Site tipping fee; and**
- 2. Approve increases to the Shaver Lake Transfer Station rates, effective July 1, 2020, to reflect the escalation in the Consumer Price Index.**

Approval of the recommended actions will increase both the Exclusive Service Area Program (ESAP) Maximum Cart, Bin and Special Service rates (ESAP Rates), and the Shaver Lake Transfer Station rates (SLTS Rates). The recommended actions address the annual Consumer Price Index (CPI) adjustment process and the American Avenue Disposal Site (AADS) tipping fee increase, in accordance with the agreements for collection and disposal services between the County and each of the ESAP haulers (ESAP Agreement). In addition, approval provides for an increase in SLTS Rates based on the change in CPI, in accordance with the applicable SLTS Operator's Agreement. This item is countywide.

## ALTERNATIVE ACTION(S):

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

## FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The increased fees are charged directly to customers by the ESAP haulers. Sufficient appropriations and estimated revenues are included in the Department of Public Works and Planning's - Resources Division Org 9015 for administration of the ESAP Program, including the annual rate adjustment process.

## DISCUSSION:

On October 31, 2017, your Board approved Amended and Successor ESAP Agreements with nine haulers for solid waste, recyclable material, green waste, and organic material collection services. These agreements provide for annual rate adjustments to account for changes in both the CPI and AADS tipping fees.

## ESAP Rates

Approval of the first recommended action will authorize a combined monthly increase in the maximum Cart, Bin, and Special Service rates the ESAP haulers may charge to their customers. For cart customers, the increase would range from \$0.70 to \$1.43 per month (CPI increase of \$0.67 to \$1.33 and AADS increase of \$0.03 to \$0.10), depending upon the customer's location and choice of cart size. For example, a 90-gallon cart service rate in the Zone 1 area (e.g. "County Island" areas) would increase by \$1.11, from the current monthly rate of \$40.54 to a proposed monthly rate of \$41.65.

For bin customers, dependent upon the customer's location (i.e., zone rate area), size of bin (one to six cubic yards) and frequency of pickup (one to six per week), the recommended adjustment would result in an increase in the monthly bin rate ranging from \$1.75 to \$37.93 per customer. For example, a Zone 1 customer with a one cubic yard bin and one pickup per week would incur a CPI increase of \$1.55 and an AADS increase of \$0.20, thus increasing the current rate of \$71.94 to the new proposed monthly rate of \$73.69. In the Zone 2 area (e.g. County rural areas with green waste/organic collection), rates for a two cubic yard bin with one pickup per week would reflect a combined monthly increase of \$2.76 (CPI increase of \$2.36 and AADS increase of \$0.40) from the current monthly rate of \$109.52 to the recommended adjusted rate of \$112.28. In the Zone 3 area (e.g. mountainous/high altitude County areas), rates for a two cubic yard bin with one pick-up per week would reflect a combined increase of \$2.91 (CPI increase of \$2.51 and AADS increase of \$0.40) from the current monthly rate of \$116.79 to the proposed monthly rate of \$119.70. The Special Service Rates have increased to reflect only the CPI increase, and the increase will range from \$0.13 to \$4.79.

Attachment 1 details ESAP Rates and lists the recommended increases for both the CPI and AADS adjustments. Rate adjustments are applied annually in accordance with the procedures outlined in Sections 7.2.C and 7.2.E of each ESAP Agreement.

## AADS Adjustments

Adjustments are applied to the ESAP maximum rates to reflect annual increases in the per ton disposal tipping fee charged at AADS, which qualifies as a "Pass-Through Expense" under Article I and Subparagraph 7.2.B.1(a)(iii) of each ESAP Agreement. AADS rate increases are published in Section 2800 ("Solid Waste") of the Master Schedule of Fees, Charges, and Recovered Costs through FY 2034-35, and were approved by the Board on February 10, 2015. These adjustments, which are commensurate with the \$0.62 per ton increase in the tipping fee, are applied only to the ESAP maximum cart and bin rates. The Southeast Regional and Recycling Surcharge overlays are not impacted by either the CPI or AADS rate adjustments.

## CPI Adjustments

Subject to approval by your Board, the ESAP Agreements specify that each rate shall be adjusted up or down by the County on an annual basis effective July 1 of each year. The CPI is expressed as a percentage change between the current and prior year. For example, the CPI in 2018 was 285.550 and in 2019 was 295.004. The difference between the two is 9.454. Dividing 9.454 by the 2018 CPI of 285.550 results in a change of 3.310 percent. The CPI is then applied at 75% for carts (2.483%), and 65% for bins, special services, and community cleanup rates (2.152%). It should be noted that the CPI would not be applied to community cleanup rates until the exhaustion of all monies in the AADS Trust Fund 0700. These monies were previously utilized for the bulky item coupon program, but haulers expressed the need for a more cost-effective program that could provide centralized cleanup services to multiple customers at one time. Accordingly, Trust Fund monies were reassigned for annual community cleanup days during contract negotiations and became effective upon approval of the Amended and Successor ESAP Agreement on October 31, 2017.

## SLTS Rates:

Section 5.B of the SLTS Operator's Agreement, approved by the Board on July 13, 2010 (Agreement No. 10-390), stipulates that each disposal rate 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, expressed as a percentage change between current and prior year, is then applied at 100% of the CPI for each of the disposal load rate categories (e.g. Minimum Load) (3.311%). Attachment 2 lists the disposal rates at SLTS, which reflect an increase from \$0.12 to \$1.23 based on the type of service. The minimum load rate will increase from \$3.50 to \$3.62, and the Compactor Rate will increase from \$37.25 to \$38.48.

REFERENCE MATERIAL:

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 - 2

CAO ANALYST:

Debbie Paolinelli