County of Fresno

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Legislation Details (With Text)

File #:	19-0240	**Name:**	Adjustment to Exclusive Service Area Program Rates
		In control:	Public Works & Planning
On agenda:	4/23/2019	**Final action:**	4/23/2019
Enactment date:		**Enactment #:**	

Title: Approve increases to Exclusive Service Area Program Maximum Cart, Bin and Special Service rates, effective July 1, 2019, to reflect escalation in Consumer Price Index and increase in American Avenue Disposal Site tipping fee; and approve increases to Shaver Lake Transfer Station rates, effective July 1, 2019, to reflect escalation in Consumer Price Index

Sponsors:

Indexes:

Code sections:

Attachments: 1. Agenda Item, 2. Attachment 1, 3. Attachment 2

Date	Ver.	Action By	Action	Result
4/23/2019	1	Board of Supervisors	Conducted Hearings	Pass

DATE: April 23, 2019

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 increases to Exclusive Service Area Program Maximum Cart, Bin and Special Service rates, effective July 1, 2019, to reflect the escalation in the Consumer Price Index and increase in the American Avenue Disposal Site tipping fee.**

2. **Approve increases to the Shaver Lake Transfer Station rates, effective July 1, 2019, 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 (SLTS) rates (SLTS Rates). The first recommended action addresses both 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). The second recommended action provides for an increase in SLTS Rates based on the change in the CPI, in accordance with the applicable SLTS Operator's Agreement. This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. The annual rate adjustments are mandated by the provisions of the

governing agreements, as referenced above.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The increased fees are charged by the ESAP haulers directly to their customers. Sufficient appropriations and estimated revenues will be included in the Department's - Resources Division, Org 9015 FY 2019–20 budget request.

DISCUSSION:

On October 31, 2017, your Board approved Amended and Successor ESAP Agreements with nine haulers for the provision of solid waste, recyclable materials, green waste, and organic materials 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 $0.79 to $1.61 per month (CPI increase of $0.76 to $1.51 and AADS increase of $0.03 to $0.10), depending upon the customer's location and choice of cart size. For example, the ESAP 90-gallon cart general refuse service rate in the Zone 1 (County Islands) would increase by $1.24, from the current monthly rate of $39.30 to a proposed monthly rate of $40.54.

For bin customers, dependent upon the customer's location (i.e., zone), size of bin (one-to-six cubic yards) and frequency of pick-up (one to six per week), the recommended adjustment would result in an increase in the combined monthly bin collection rate ranging from $1.96 to $42.00 per customer. For example, a Zone 1 customer with a one-cubic-yard bin and one pick-up-per-week would incur a CPI increase of $1.76 and an AADS increase of $0.20, thus increasing the current rate of $69.98 to the new proposed monthly rate of $71.94. In the rural areas of the County, the ESAP Rates for a two-cubic-yard bin with one pick-up-per-week would reflect a combined monthly increase of $3.07 (CPI increase of $2.67 and AADS increase of $0.40) from the current monthly rate of $106.45 to the recommended adjusted rate of $109.52. In Zone 3 (Mountain), the ESAP Rates for a two-cubic-yard bin with one pick-up-per-week would reflect a combined increase of $3.25 (CPI increase of $2.85 and AADS increase of $0.40) from the current monthly rate of $113.54 to the proposed monthly rate of $116.79. The Special Service Rates have increased to reflect only the CPI increase, and the increase in rates will range from $0.15 to $0.50.

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 during the February 10, 2015 Board of Supervisors meeting. These adjustments, which are commensurate with the $0.61 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 the AADS rate adjustments.

CPI Adjustments

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Subject to approval by the Board of Supervisors, the ESAP Agreements each 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, expressed as a percentage change between the current and prior year, is then applied at 75% of the CPI for cart (2.899%), and 65% of the CPI for bin, special service, and community cleanup rates (2.512%). 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. 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 specialized service rates (3.865%). Exhibit 2 lists the disposal rates at SLTS, which reflect an increase from $0.13 to $1.39 based on the type of service. The minimum load rate will increase from $3.37 to $3.50, and the Compactor Rate will increase from $35.86 to $37.25.

REFERENCE MATERIAL:

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:

Sonia M. De La Rosa