



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 06/21/16
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, P.E. Director, ext. 3010
Director(s)
Contact Info: Mark Schleich, P.E., Deputy Director, ext. 3605

SUBJECT: Amend an Existing Agreement with Valley Garbage and Rubbish Company, Inc.,
DBA Health Sanitation Services, to Process Curbside Commingled Recyclables for
Residents and Businesses in Santa Barbara County

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Amend an existing agreement with Waste Management, Incorporated's subsidiary Valley Garbage and Rubbish Company, Inc. DBA Health Sanitation Services, to process curbside commingled recyclables in the communities of the City of Solvang as well as the unincorporated areas of the Santa Ynez Valley, Lompoc Valley, and Santa Maria Valley. If amended, the Agreement will continue to allow one-year extensions subject to contractor performance and a six month termination notice;
- b) Authorize the Chair of the Board of Supervisors to sign the attached Amendment to Agreement; and
- c) Determine that the actions taken above are not an approval of a new project under the California Environmental Quality Act, pursuant to the California Environmental Quality Act Guidelines Section 15378(b)(5), because it consists of organizational or administrative activities that will not result in a direct or indirect change in the environment.

Summary Text:

This item is on the agenda in order to amend an existing agreement with Valley Garbage and Rubbish Company, Inc. State Assembly Bill 939, adopted in 1989, required each jurisdiction to divert 50% of waste generated in 1990 by the year 2000. Subsequent legislative revisions require jurisdictions to maintain a 50%

diversion level after the year 2000. In order to meet this mandate, Santa Barbara County implemented recyclables collection from residents in 1990 and implemented a mandatory commercial recyclables program for businesses in 2003. This Agreement, originally approved September 4, 2007, maintains the service of processing curbside commingled recyclables for both residents and businesses collected from the unincorporated areas of the Santa Maria, Santa Ynez, and Lompoc Valleys. This Agreement also has the option to include the recyclables collected by the City of Solvang if authorized by their City Council.

The current Agreement with Valley Garbage and Rubbish Company, Inc. DBA Health Sanitation Services (HSS) needs to be amended (see Attachment A) in order to reflect higher operational costs and lower revenues associated with recyclable commodity sales. The minimum contracted income for processing services established for HSS in 2007 does not cover their current costs, nor does it reflect the current value of the markets for recycled commodities. The proposed Amendment to the Agreement establishes a processing fee of \$23 per ton that the County (the ratepayers) will pay to have curbside commingled recyclables processed after collection. This increase of \$23 per ton is projected to increase typical residential trash bills by approximately \$0.55 per month and is included in next year's rate increase.

The proposed Amendment does not alter the term of the current Agreement which ends on June 30, 2017, but allows for a 12-month extension subject to contractor performance. In addition, both parties may cancel the Agreement with a 6 month termination notice.

Current recycled commodity prices are at historic lows. Under current market conditions, the County will not receive revenue from the sales of commingled recyclables. However, that may change when the annual review of select commodity values is conducted starting June 30, 2017. This review may support adjusting the processing fee up or down in the future.

Background:

HSS has been collecting municipal solid waste for County residents since the early 1990s. Since 1998, HSS has also been responsible for processing curbside commingled recyclables for residents and businesses in communities throughout the Santa Ynez, Lompoc, and Santa Maria Valleys. HSS was purchased by Waste Management, Incorporated in 1999.

In July 2015, HSS formally requested an adjustment to their current curbside commingled recyclables Agreement. Staff met with HSS over the past 9 months reviewing their cost of operations as well as current market conditions for recycled commodities being at historic lows and has found that HSS requires an adjustment to their Agreement in order to cover costs and continue service to unincorporated communities in the County.

The proposed Amendment to Agreement allows HSS to charge a new processing fee of \$23 per ton of curbside commingled material. The current Agreement does not include a processing fee. The communities combined typically generate 7,000 to 7,500 tons of commingled recyclables per year, which would equal additional costs to the County ratepayers of \$161,000 to \$172,500 per fiscal year starting July 1, 2016. Starting next fiscal year (FY 16/17), rates for typical residents will increase around 2.4% resulting in approximately \$0.55 increase per month due to this change.

Starting July 1, 2017 this processing fee may change if there is a change greater than 15% in total value of select recycled commodities from current historic lows (see Attachment A, Exhibit B, Section 6).

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Fiscal and Facilities Impacts:

This processing fee will be covered by a rate increase. There will be no further ongoing fiscal or facilities impacts associated with this contract amendment.

Fiscal Analysis:

The projected increase of \$161,000 to \$172,500 in future processing costs will be incorporated into the rates charged directly to the ratepayer by HSS as the Franchised Municipal Solid Waste Hauler.

Staffing Impacts:

None, existing Public Works Staff will continue to oversee this contract.

Special Instructions:

Following Board approval, Clerk of the Board to post the Notice of Exemption and send a copy of the signed Amendment to Agreement (Attachment A) and a date stamped Notice of Exemption (Attachment B) to the Resource Recovery & Waste Management Division of the Public Works Department, Attn: Carlyle Johnston.

Attachments:

Attachment A: Amendment to Agreement for Services of Independent Contractor

Attachment B: Notice of Exemption

Authored by:

Carlyle Johnston, Project Leader, Resource Recovery & Waste Management (ext. 3617)