



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: 06/02/09
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, Director of Public Works, 568-3010
Director(s)
Contact Info: Mark Schleich, Deputy Director of Public Works, 882-3603

SUBJECT: Solid Waste Tipping Fees, Collection Rates and Parcel Fees for FY 2009/10
All Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors:

Set a Public Hearing for June 16, 2009 for 20 minutes to consider the proposed solid waste disposal and collection fee schedules, as follows:

- a) Adopt a resolution (Exhibit 1), effective July 1, 2009, setting the fee schedules for solid waste handling and disposal fees at County facilities (Attachment A) and solid waste collection rates in the unincorporated area (Attachment B);
- b) Adopt a resolution (Exhibit 2), effective July 1, 2009, setting the Parcel Fee Schedule for the Cuyama Valley for Fiscal Year 2009/10;
- c) Accept the Notice of Exemption pursuant to the County's California Environmental Quality Act Guidelines (Exhibit 3);

Summary Text:

Each year your Board adopts fees charged at County-operated solid waste management facilities as well as rates charged by the franchised service providers to collect waste materials from residential and commercial customers. These fees are developed and approved in accordance with Chapter 17 of the

Santa Barbara County Code. The most noteworthy tip fee change is a proposed increase for municipal solid waste assessed at County facilities as included in the multi-year cash flow evaluation conducted by the Division in concert with the Auditor-Controller and County Executive offices, and your Board's recently adopted reserve policies for Enterprise Funds. In addition, a one-time surcharge on municipal solid waste delivered to the Tajiguas Landfill and the South Coast Recycling & Transfer Station (SCR&TS) is being proposed to make up for costs associated with the commingled recyclables program due to the recent significant downturn in the recyclable commodities market. Additionally, the Division is making changes at our facilities to make up for a loss in revenue due to less waste material being delivered to our facilities.

Current franchise agreements with the solid waste collectors require the County to increase the collection portion of the rates each year by the Consumer Price Index (CPI) as well as incorporate any increases in tipping or handling fees associated with the material collected by the service providers. Based on the above cost increases, rates charged to residential and commercial customers will increase between 0-5% depending on the customer's location and service level.

Background:

Each year your Board adopts fees charged at County-operated solid waste management facilities as well as rates charged by the franchised service providers to collect waste materials from residential and commercial customers. These fees are developed and approved in accordance with Chapter 17 of the Santa Barbara County Code. Detail associated with the proposed rate changes is provided below.

Disposal Fees – Landfill and Transfer Stations

The rate changes proposed for County solid waste management facilities include prescribed adjustments, rates to encourage the recycling of materials as well as responses to the recent downturn in the recyclable commodity markets.

The municipal solid waste rate revisions proposed for County facilities reflect the adjustments included in the multi-year cash flow evaluation conducted by the Division and reviewed by the Auditor-Controller and County Executive offices as well as the Reserve Policy for the Solid Waste Enterprise Fund that was adopted by your Board in June 2007. Additionally, the Division is proposing minor adjustments to rates charged to customers self-hauling to our facilities including changes to address new regulatory requirements, and to encourage customers to deliver separated waste to County facilities at a reduced cost to allow the recycling of the material. The entire proposed fee schedule for waste handled at County facilities is included as Attachment A to this Board Letter.

Over the past eight months, the global economic downturn has affected the Division which has seen a decrease in expected revenue levels. This is due to two factors: 1) residents and businesses are generating less waste overall therefore the tonnage of material being managed at our facilities and tipping fees generated by this material has decreased (approximately 5%), and 2) the value paid for recyclable commodities has dropped significantly.

In response to the decrease in revenue, the Division is proposing the following mixture of cost saving measures and revenue enhancements:

- The hours of operation at the Tajiguas Landfill will be reduced beginning July 1, 2009. Current hours are: 7am – 5pm on Mondays and 7am – 4pm on Tues-Sat.

Proposed hours are: 7am – 3:30pm Monday - Friday and 7am – 2:30 on Sat.

This switch is feasible because little tonnage is delivered by customers to Tajiguas after 3:30pm and the South Coast Recycling & Transfer Station is open until 4:30pm as a disposal option. This change will allow in-house staff to conduct on-site projects that otherwise would be conducted by outside contractors, thereby reducing capital expenditures. The possibility of closing Tajiguas on Saturdays is currently under evaluation and may be pursued to further reduce expenses.

- In 1996, the landfills in New Cuyama and Ventucopa were closed and replaced with small volume transfer stations to serve these communities. The Division requested bid proposals from the area haulers for the transporting of waste materials collected at these transfer stations to the Tajiguas Landfill. MarBorg Industries submitted the most competitive bid by integrating the servicing of the transfer stations with their existing curbside trash collection program offered to area residents and businesses. The servicing of the transfer stations was included in their franchise agreement effective July 1, 1997 and is still in effect. The cost to operate the transfer stations exceeds the revenue that the Division garners from property taxes received from the community. The additional costs have been borne by other areas of the County including revenue from the sale of recyclables. Division staff approached MarBorg and asked what changes could be made in order to decrease the costs of servicing this area. MarBorg considered the service needs, the equipment available, and proposed a change in collection and transportation methods that would reduce annual costs from \$142,655 to \$88,480 (an annual savings of \$54,175). The material collected from New Cuyama will be sorted at MarBorg's recycling facility prior to being buried at Tajiguas. The change is able to be made at this time due to the slow down in other areas of MarBorg's business freeing up equipment such as a loader and tractor trailer. This arrangement will be in place for the next two years and evaluated at the end of that time.
- In the Fall of 2008, the recyclables commodity market crashed on a global scale. The demand for resources declined significantly and commodities such as paper and cardboard were the hardest hit. In October 2008, the value for sorted newspaper was \$138.50 per ton and in November 2008 the value was \$27.93 (an 80% decrease). While values for commodities have always fluctuated, this was the greatest decline the industry had ever seen. Since November the values have increased (\$77 in March 2009) and there are projections that values will continue to increase to a point of covering recycling costs but the industry may not see the high revenues that we have realized in the past few years. It is projected that for FY 09/10, the County and its recycling partners (the City of Santa Barbara and the City of Goleta) may incur a one-time loss of up to \$600,000. In order to make up for this temporary shortfall, the Division is proposing to have a \$4 per ton surcharge on the municipal solid waste tipping fee charged at the Tajiguas Landfill and SCR&TS. It is expected that this surcharge will be reduced and possibly eliminated in the following fiscal year, when the market recovers. This type of surcharge is being levied across the nation either at landfills or as a percentage on customers' trash collection bills to cover the cost of recycling in the short term. Staff has discussed this surcharge with representatives from the cities of Santa Barbara and Goleta, who are partners with the County in sharing costs and revenues associated with the commingled recyclables program, and they are supportive of the temporary solution.

The following table highlights the greatest changes being proposed in the attached fee schedule.

Proposed Fee Changes	2008-09	2009-10
Tajiguas Landfill		
Municipal Solid Waste - Per Ton	\$ 59.50	\$ 63.50
Recycling Surcharge	\$ -	\$ 4.00
Santa Ynez Valley Recycle & Transfer Station		
Municipal Solid Waste - Per Ton	\$ 62.00	\$ 67.00
South Coast Recycle & Transfer Station		
Municipal Solid Waste - Per Ton	\$ 71.00	\$ 73.00
Franchise Recycling Surcharge	\$ -	\$ 4.00

Other Facility Rates – Conditionally Exempt Small Quantity Generator (CESQG) Fees

Conditionally Exempt Small Quantity Generators (CESQG) of hazardous materials are typically small businesses that generate less than 27 gallons or 220 pounds of hazardous waste per month, including a maximum of 1 quart or 2.2 pounds of acutely hazardous waste. CESQGs are eligible to use the Community Hazardous Waste Collection Center (CHWCC) located on the UCSB campus. CESQGs currently pay for disposal as well as a \$22 per visit user fee. Despite these charges, an analysis conducted in the past showed that the disposal rates charged to CESQGs do not cover the full cost of offering the program to them. The rates charged to the CESQGs have not been increased in the past 4 years while costs for leasing the space, labor costs, and costs to dispose have increased. Staff is proposing to increase several of the rates to better reflect the actual cost to dispose of the material while not increasing them too much to encourage illegal dumping of the hazardous material. A schedule of the proposed rates is included in Attachment A.

Collection Rates

Annually, your Board sets the rates charged by the solid waste collectors to residential and commercial customers in the unincorporated areas of the county. These rates are affected by the increased cost of collecting and processing or disposing of waste material. Pursuant to the County’s franchise agreements with the solid waste collectors, a CPI adjustment is required on the collection portion of the rate which reimburses the haulers for their operational costs of collection. The CPI that is used is the U.S. Department of Labor Los Angeles-Riverside CPI from February 2007 to February 2008 and was 0% over this time period largely due to the decreased cost for fuel.

The second component of the rate charged to customers is the cost to process or dispose of waste. In FY 09/10, as mentioned above, the County is proposing to raise its disposal rate at Tajiguas from \$59.50 to \$63.50 per ton. In addition, a \$4 per ton surcharge will be assessed to cover the short-term cost for the commingled recyclables program. The City of Lompoc is maintaining its disposal rate at \$70.18 per ton and the City of Santa Maria will be maintaining its current rate of \$69.89 per ton. The Tajiguas Landfill continues to have the lowest tip fee in the County.

Lastly, in 2004, the California Air Resources Board (CARB) passed new waste collection vehicle regulations that require all solid waste collection vehicles to meet new diesel emission standards. The regulations urged municipalities to consider the issue of reimbursing compliance costs through the solid

waste rate system. Last fiscal year staff recommended and your Board approved adjusting the rates to reimburse the solid waste collectors for 50% of their CARB compliance costs over a three year period. FY 09/10 will be the second year of the three year period. After the three years the surcharge will be removed. The impact to the residential and commercial rates due to these increases varies by location and service level and examples are provided below.

Rate Examples

Proposed residential and commercial rates are shown in Attachment B. Rates for customers in the Lompoc and Santa Maria areas will see no rate changes because of the countywide 0% CPI, continuance of the same amount for CARB compliance and the lack of tip fee increase at the City of Lompoc and Santa Maria landfills. The following table provides an example of the monthly rate increases for residential customers, including the rate modifications discussed above, using a standard service level consisting of 60 gallons of trash and/or green waste service and up to 90 gallons of recyclables collected for each zone.

Residential Monthly Rates	2008/09	2009/10	% change
Zone 1 - Marborg			
Carpinteria, Summerland, Montecito			
High Density	\$ 40.44	\$ 41.11	1.66%
Low Density	\$ 54.68	\$ 55.35	1.23%
Zone 2 - BFI/ Allied			
North of Hollister	\$ 31.35	\$ 32.00	2.07%
Zone 3 - Marborg			
South of Hollister			
Goleta/Mission Canyon/IV	\$ 31.66	\$ 32.31	2.05%
Hope Ranch	\$ 41.45	\$ 42.10	1.57%
IV Multi-Family	\$ 40.40	\$ 41.15	1.86%
Zone 4 - HSS/Waste Management			
Lompoc Valley	\$ 33.03	\$ 33.03	0.00%
Zone 5 - HSS/Waste Management			
Santa Ynez	\$ 31.22	\$ 32.24	3.27%
Santa Maria	\$ 25.64	\$ 25.64	0.00%

The following table provides an example of the proposed monthly rate increases using a 2 cubic yard commercial container serviced once per week in the different service areas. Again, the percent increase includes the rate modifications discussed above.

Commercial Monthly Rates	2007/08	2008/09	% change
Zone 1 - Marborg	\$ 121.07	\$ 127.26	5.11%
Zone 2 - BFI/ Allied	\$ 105.83	\$ 110.67	4.57%
Zone 3 - Marborg			
Regular	\$ 104.71	\$ 109.95	5.00%
Isla Vista	\$ 112.20	\$ 117.24	4.49%
Zone 4 - HSS/Waste Management	\$ 102.81	\$ 102.81	0.00%
Zone 5 - HSS/Waste Management			
Santa Ynez	\$ 141.38	\$ 148.35	4.93%
Santa Maria	\$ 111.94	\$ 111.94	0.00%

Other Rates and Fees – Cuyama Valley Parcel Fees

The Cuyama Valley is served by two County-operated transfer stations built in 1996, which replaced the local landfills upon their closure. In accordance with Section 25830 of the California Government Code, property owners in the Cuyama Valley pay for solid waste disposal services through parcel fees according to a schedule that was established with the adoption of a resolution by the Board of Supervisors in 1982 (Resolution Number 82-360). The single-family occupied dwelling rate is \$77.00 per year. Other fees are based on a waste generation factor, comparing the single family dwelling rate to that of waste generated by other land uses.

The fee schedule was established to generate revenue to offset the operation and maintenance costs for solid waste disposal services in Cuyama Valley, however the fees collected do not cover the cost to operate the transfer stations. As mentioned above, changes are being made to the methods used to collect and transport the waste collected in this area that will significantly decrease this shortfall. The Department is proposing no increase in rates for FY 2009/10. Any increase to the tax assessment requires approval by Cuyama Valley voters, per Proposition 218. The Public Works Department requests that the Treasurer-Tax Collector continue to bill and collect the current fee as part of the regular County property tax system.

Performance Measure:

None

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative: Tipping fees charged at County-operated solid waste management facilities are revenue to the Solid Waste Enterprise Fund. Fees proposed in this Board Letter are included in the Division’s budget for FY 09/10 and additional revenue associated with the proposed increases total \$1,750,000. Rates charged to residential and commercial customers for the curbside collection of waste material are charged by the service providers who receive payments directly from their ratepayers. These costs are not included in the budget of the Resource Recovery & Waste Management Division.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

Please direct the Clerk of the Board to publish a Notice of Public Hearing in the Santa Barbara News Press, Santa Maria Times, and the Bakersfield Californian five and ten days prior to the hearing, as per Government Code Section 6062a. Please send an executed copy of the Resolutions and a Minute Order to the Resource Recovery & Waste Management Division of the Public Works Department, attn: Leslie Wells.

Following Board approval, Clerk of the Board to please post the Notice of Exemption and forward a stamped copy to the Resource Recovery and Waste Management Division of the Public Works Department, attn: Joddi Leipner.

Attachments:

- 1) Exhibit 1: Resolution of the Board of Supervisors regarding solid waste handling and disposal fees (Attachment A), and solid waste collection rates charged by franchisees (Attachment B)
- 2) Exhibit 2: Resolution of the Board of Supervisors regarding fees for waste disposal in New Cuyama Valley
- 3) Exhibit 3: Notice of Exemption

Authored by: Leslie Wells, Program Manager, Resource Recovery & Waste Management (ext. 3611)