



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:** 06/15/2021  
**Placement:** Departmental  
**Estimated Tme:** 15 minutes  
**Continued Item:** Yes  
**If Yes, date from:** 5/18/2021  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Director(s) Scott D. McGolpin, P.E. Director, (805) 568-3010  
Contact Info: Leslie Wells, Deputy Director, (805) 882-3605

**SUBJECT:** **Solid Waste Tipping Fees, Collection Rates, and Parcel Fees for FY 2021/22 - All Supervisorial Districts**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

As to form:

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Adopt a resolution to be effective July 1, 2021, setting the fee schedules for solid waste handling and disposal fees at County solid waste facilities for Fiscal Year 21/22;
- b) Adopt a resolution to be effective July 1, 2021, setting the Parcel Fee Schedule for the Cuyama Valley for Fiscal Year 21/22;
- c) Adopt a resolution to be effective July 1, 2021, setting the fee schedule for solid waste collection rates to cover solid waste management program costs in the unincorporated Zones 1, 2, 3, 4 & 5 service areas for Fiscal Year 21/22;
- d) Approve the proposed adjusted Per Ton Processing Rate of \$32.74 to be paid by the County to MSB Investors, LLC for the processing of municipal solid waste, source separated recyclables and source separated organics at the ReSource Center; and
- e) Find that the proposed action is for the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; that the proposed action is therefore exempt from

California Environmental Quality Act pursuant to guidelines 14 CCR 15273(a) (1), (2), and (4) and approve the filing of the attached Notice of Exemption on that basis.

**Summary Text:**

This item is on the agenda in order to consider recommendations for setting fees and rates for solid waste management services for Fiscal Year 21/22. Each year, your Board approves fees charged at County-operated solid waste management facilities, parcel fees for New Cuyama, and rates charged by the franchised service providers to collect waste from residential and commercial customers.

**Background:**

This Board Letter provides each of the proposed fee and rate schedules for FY 21/22 for County-operated solid waste management facilities, parcel fees for New Cuyama, and rates charged by the franchised solid waste service providers. It also provides the proposed increase to the Per Ton Processing Rate paid by the County for waste material processed by the ReSource Center (Center), formerly known as the Tajiguas Resource Recovery Project, pursuant to the Third Amendment to the Amended Contract Between the County of Santa Barbara And MSB Investors, LLC for Development and Operation of the Tajiguas Resource Recovery Project.

**Tipping Fees at County Facilities**

Tipping fees at County solid waste facilities are set each year based on the actual cost of providing the service the prior fiscal year, as well as complying with the Resource Recovery & Waste Management Division's long-term financial pro forma for funding of capital, regulatory compliance, and closure/post-closure requirements associated with its solid waste management system.

Beginning in FY 17/18, rates were increased in association with the procurement and construction of the Center at the Tajiguas Landfill. Construction of the Center began in December 2018 and is currently in the commissioning phase. It is projected to be fully operational by Summer 2021. The Center consists of a materials recovery facility to recover and process recyclables, an anaerobic digester to process organic materials, and an energy system that will convert the site's landfill gas and the biogas generated by the anaerobic digester into energy to power the Center. Excess renewable energy will be sold to SCE.

The use of the Center will ensure the region's compliance with AB 1826 and SB 1383, which require the recovery of organics from landfilling and the development of facilities capable of processing organic waste from the municipal waste stream in an effort to reduce the statewide generation of carbon emissions, in addition to conserving valuable landfill disposal capacity.

The mechanism to set the rate charged at the Tajiguas Landfill is established in the regional agreements between the County and the participating jurisdictions and in the financing documents for the construction and operation of the Center. During FY 21/22, the proposed rate will increase from \$158 to \$164 per ton. Most other rates for waste handled at County facilities are proposed to increase by 3%. The full proposed fee schedule is included as Attachment A to this Board Letter.

**Parcel Fees in New Cuyama**

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 current single-family occupied dwelling rate is \$77.00 per year. Other parcel fees are based on a waste generation factor, comparing the single-family dwelling rate to that of waste generated by other land uses.

The fees currently collected do not cover the full cost to operate the transfer stations and properly manage the waste material. In recent years, operational changes have been made to decrease this shortfall, which continues to be funded by other revenues in the Division's Enterprise Fund.

The Department is proposing no increase in the Cuyama Valley parcel fees for FY 21/22. Public Works requests that the Treasurer-Tax Collector continue to bill and collect the current fees as part of the regular County property tax system. The entire proposed parcel fee schedule for waste handled at the Cuyama Valley transfer stations is included as Attachment B to this Board Letter.

#### Residential and Commercial Collection Rates

Annually, the Board of Supervisors sets the maximum rates that can be charged to residential and commercial customers by the franchised solid waste collection service providers in the unincorporated areas of the County. Factors affecting these rates include: 1) cost to collect (which can vary depending on the location); 2) changes in landfill disposal costs and recycling and organics processing fees; and 3) fees charged by the County for solid waste management programs.

*Collection:* Pursuant to the County's franchise agreements with the service providers, a consumer price index (CPI) adjustment is applied to the collection portion of each rate to reimburse the service providers for their operational costs of collection. The CPI adjustment is based on the U.S. Department of Labor index for "All Urban Consumers" in the Los Angeles-Long Beach-Anaheim area, from February 2020 to February 2021. For this time period, the CPI was 1.0%, which was applied to the collection portion of the proposed FY 21/22 rates uniformly in all zones.

*Landfill tipping fees and recyclables and organics processing fees:* The second component of the rate charged to customers is the cost to process or dispose of waste, which varies depending on the facilities that are used for each zone and their associated tipping fees. As mentioned above, in FY 21/22, the County is proposing to change the tipping fee for trash and commingled recyclables from \$158 to \$164 per ton in accordance with the financing documents and regional service agreements between the County and the participating cities for the development of the ReSource Center. The cost to process green waste will increase from \$47 to \$49 per ton. The collection zones impacted by this change are South County zones 1, 2, and 3, and Zone 4 Santa Ynez.

For Zone 4 Lompoc and Zone 5 servicing Orcutt and other North County unincorporated areas, waste is delivered to either the City of Lompoc or the City of Santa Maria landfill. Effective October 1, 2020, the City of Santa Maria increased the landfill tipping fee from \$71 to \$77, which translates to an 8.5% increase. Both cities are currently performing rate reviews, and it is not yet known whether the landfill tipping fees will change for FY 21/22. Per the processing agreement between the County and Waste Management, the franchised solid waste service provider in Zone 4 and Zone 5, the recyclable materials processing cost will decrease from \$80.99 to \$68.12 per ton. The cost to process organics will increase by the CPI (1.0%) to \$42.88 per ton.

*Solid waste program fee:* The third component of the collection rates is the fee charged by the County for solid waste management programs provided to the community, such as hazardous waste management, code enforcement, State-required reporting, backyard composting, electronics recycling, school education, and many more. The County has the ability under State law, the County Code, and the

franchise agreements to assess a fee on solid waste collection rates to fund these activities. The proposed rates for FY 21/22 include no change to the current program fee of 11%.

Considering all of these factors, on average, proposed residential and commercial service rates will increase between .5 - 3.5% depending on the specific service area.

Attachment C to this Board Letter contains the proposed residential and commercial solid waste collection rates by collection zone.

#### Per Ton Processing Rate

The agreement between the County and MSB, LLC to design, develop and operate the ReSource Center contains provisions that set forth how to calculate the Per Ton Processing Rate to be paid by the County to MSB for each ton of waste material delivered to and processed by the ReSource Center. Section 10.3.A.3 of the Third Amendment to the agreement stipulates the index and method for calculating an annual CPI adjustment, as well as identifying a multi-year phased increase to the Repair and Maintenance budget for the facility. Staff hired HF&H Consultants, who assisted with the preparation of the agreement, to conduct the calculation that resulted in an increase of \$3.18 per ton. In addition, the agreement allows for adjustments due to Change in Law, which resulted in an increase of \$0.77 per ton due to the mandated minimum wage rate of \$15 per hour beginning January 1, 2022. These two factors increased the current Per Ton Processing Rate of \$28.79 to \$32.74 for FY 21/22.

#### **Performance Measure:**

County solid waste facilities and contracted waste collection service providers charge rates identified in the attached rate schedules. These rates are based on projected costs to provide the services. County staff conducts periodic billing audits to ensure that service providers are charging the Board-approved rates.

#### **Fiscal and Facilities Impacts:**

Budgeted: Yes

#### **Fiscal Analysis:**

Narrative: Tipping fees charged at County-operated solid waste management facilities provide revenue to the Solid Waste Enterprise Fund. Fees proposed in this Board Letter are included in the Division's budget for FY 21/22, which projects total revenue for the Division to be \$41,850,100. Fees charged to residential and commercial customers for collection services are billed by the service providers, who receive payments directly from their ratepayers, and are not included in the Division's budget. Expenses related to the Per Ton Processing Rate are included in the Division's budget for FY 21/22.

#### **Special Instructions:**

Please return a copy of the signed Resolutions to the Public Works Department, Resource Recovery and Waste Management Division, attention: Marc Hill.

#### **Attachments:**

**Attachment A:** Resolution of the Board of Supervisors regarding solid waste handling and disposal fees at County owned/operated facilities for FY 21/22

**Attachment B:** Resolution of the Board of Supervisors regarding parcel fees for waste disposal in New Cuyama Valley for FY 21/22

**Attachment C:** Resolution of the Board of Supervisors establishing solid waste collection rates for the unincorporated areas for FY 21/22

**Attachment D:** Notice of Exemption

**Authored by:**

Marc Hill, Senior Program Specialist, Resource Recovery & Waste Management, ext. 23624