



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: 06/6/2017
Placement: Departmental
Estimated Tme: 30 minutes
Continued Item: Yes
If Yes, date from: 5/16/2017
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, P.E. Director, x3010
Director(s)
Contact Info: Mark Schleich, P.E., Deputy Director, x3603

SUBJECT: Solid Waste Tipping Fees, Collection Rates and Parcel Fees for FY 2017/18
All Supervisorial Districts

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 considers the following recommendations for setting fees and rates for solid waste management services for Fiscal Year 2017/18:

- a) Adopt a resolution to be effective July 1, 2017, setting the fee schedules for solid waste handling and disposal fees at County solid waste facilities for Fiscal Year 2017/18;
- b) Adopt a resolution to be effective July 1, 2017, setting the Parcel Fee Schedule for the Cuyama Valley for Fiscal Year 2017/18;
- c) Adopt a resolution to be effective July 1, 2017, setting the fee schedule for solid waste collection rates in the unincorporated areas in Zones 1, 2, 3, 4 & 5 for Fiscal Year 2017/18; and
- d) Find that the proposed action is for the establishment of rates to meet operating expenses and financial reserve needs and requirements, and that the action is therefore exempt from the California Environmental Quality Act pursuant to 14 CCR Section 15273. Approve the attached Notice of Exemption, adopting the findings contained therein, and approve the filing of the Notice of Exemption on that basis.

Summary Text:

This item is on the agenda in order to consider the following recommendations for setting fees and rates for solid waste management service for Fiscal Year 2017/18. 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 materials from residential and commercial customers. This Board Letter provides each of these proposed fee and rate schedules for FY 17/18.

Background:

Each year, your Board adopts fees charged at County-operated solid waste management facilities as well as parcel fees for New Cuyama, and rates charged by the franchised service providers to collect waste from residential and commercial customers. Detail associated with the proposed rate changes is provided below.

Tipping Fees at County Facilities

Typically, 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 (Division) long-term financial plan for funding of capital, regulatory compliance, and closure/post-closure requirements associated with its solid waste management system.

In July 2016, your Board certified a Final Subsequent Environmental Impact Report and approved a contract with a proposed vendor to design, construct and ultimately operate the Tajiguas Resource Recovery Project (TRRP) including specified costs for design and construction and a unit cost per ton to process material once the project is operational. In December 2016, your Board approved agreements with each of the jurisdictions that plan to use the TRRP including a commitment from the jurisdictions to deliver a minimum quantity of waste at a specified rate per ton. The contracts specify a rate of \$99 per ton starting in FY 17/18 for trash and recyclables. This rate is based on a financial proforma prepared for the Division including the development of a Jurisdictional Rate Stability Fund to be used to cushion any future fluctuations in facility operational costs and revenues derived from material recovered for sale from the waste stream. As you are aware, a permitting issue related to the TRRP has been identified which has delayed the construction of the project. It is projected that construction will be delayed by up to ten months. Despite this delay, staff is recommending that the specified tipping fee go into effect to ensure that the appropriate reserve will be established prior to the County beginning to pay the projected debt service for the project. Per the agreements with our partner jurisdictions, if there are excess revenues after the costs for providing the specified regional waste management services have been paid for, they will be distributed back to the appropriate jurisdiction based on the quantity of material delivered and total payment made to the County's solid waste management system.

Significant changes are not being proposed for the remaining tipping fees for other services provided at County-operated facilities. The entire proposed fee schedule for waste handled at County facilities is attached 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 amount of the parcel fees have been adjusted by your Board over the years. The last adjustment to the parcel fees was made in FY 92/93. The current

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 originally established to generate revenue to pay for the cost to provide solid waste disposal services in the Cuyama Valley; however the fees currently collected do not cover the cost to operate the transfer stations and transport the waste material collected to be processed for recovery or disposal. In recent years, operational changes have been made to decrease this shortfall.

The Department is proposing no increase in the Cuyama Valley parcel fees for FY 17/18. The Public Works Department 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, your Board sets the rates charged to residential and commercial customers in the unincorporated areas of the County by the solid waste collection service providers. These rates are affected by the cost of collection and processing or disposing of waste material.

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 index for "All Urban Consumers," U.S. Department of Labor Los Angeles-Riverside CPI, from February 2016 to February 2017. For this time period, the CPI is 2.7%, which was applied to the collection portion of the proposed FY 17/18 rates in all zones.

The second component of the rate charged to customers is the cost to process or dispose of waste. In FY 17/18, as described earlier, the County is changing the tipping fee for trash at the Tajiguas Landfill from \$87 to \$99 per ton and the tipping fee for recyclables from \$30 to \$99 per ton. The City of Santa Maria will keep its tipping fee at \$71 per ton, and the City of Lompoc is expected to raise their landfill tipping fee from \$80.34 to \$82.34 per ton.

In the South County, the overall effect of these rate adjustment factors ranges from 9-15% for residential customers and 6-8% for commercial customers. This increase is due to the CPI increase and the increase related to the solid waste system reserve described above. The residential rate increases on the South Coast are predominantly between \$4-4.50 per month if the cost related to the CPI increase is not included. This increase is comparable to the projected rate increase that was presented to your Board in July 2016 of \$5 per month related to the proposed TRRP tipping fee. In the North County, the proposed residential rates will increase from 2-5% and commercial rates will increase from 2-7%. These increases are predominantly due to the CPI increase. The impact on the rates varies depending on the location of the property being serviced which affects the costs for collection, the amount of each material collected from customers, and the change in landfill disposal costs and recycling processing fees for each zone.

Attachment C to this Board Letter contains the proposed solid waste collection rates by collection zone as well as type of service customers.

Performance Measure:

County solid waste facilities and contracted waste collection service providers charge rates identified in the attached rate schedules and are based on projected costs to provide services.

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 17/18 which projects total revenue for the Division to be \$25,395,000. 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.

Special Instructions:

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 & Waste Management Division of the Public Works Department, attn: Joddi Leipner.

Attachments:

Attachment A: Resolution of the Board of Supervisors regarding solid waste handling and disposal fees at County owned/operated facilities for FY 17/18

Attachment B: Resolution of the Board of Supervisors regarding parcel fees for waste disposal in New Cuyama Valley for FY 17/18

Attachment C: Resolution of the Board of Supervisors establishing solid waste collection rates for the unincorporated areas for FY 17/18

Attachment D: Notice of Exemption

Authored by:

Leslie Wells, Program Leader, Resource Recovery & Waste Management (ext. 3611)