

EL DORADO
COUNTY



ENVIRONMENTAL
MANAGEMENT
DEPARTMENT

**Gerri Silva
M.S., REHS**

Director

*Environmental
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*Air Quality
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District*

*Solid Waste &
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*Water Quality
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December 11, 2008

El Dorado County Board of Supervisors
330 Fair Lane
Placerville, CA 95667

SUBJECT: Hearing to consider adoption of Resolution to approve a rate increase of 2.57% for disposal expenses within the Sierra Disposal Service Franchise area effective January 1, 2009.

Honorable Board Members:

Background:

In accordance with the Franchise Collection Agreement between El Dorado County and Sierra Disposal Service (SDS), Section 19 Compensation, the Board of Supervisors shall set the rates to be charged by the Grantee.

On July 22, 2008, the Environmental Management Department received a letter from SDS requesting a 4.03% rate increase (Attachment A). As stated by the contractor this increase is required to reimburse the contractor for two rate adjustments from El Dorado Disposal Inc. in the amount 3.30% and 3.75% in 2008 for disposal costs to deliver solid waste to the El Dorado Disposal Inc. Material Recovery Facility. The components of the 4.03% rate increase are: 2.44% for pass-through increases from El Dorado Disposal Inc., 1.39% for fuel increases and 0.20% for applicable pass-through franchise fees. Since that time SDS has withdrawn the request for an additional fuel surcharge increase.

At the December 9, 2008 public hearing the Board requested that the item be continued to December 16, 2008.

The Franchise Agreement entered into between SDS and El Dorado County on August 22, 2000 provides in Section 19B as follows:

"Grantee shall also be entitled to a rate increase whenever Grantee's landfill disposal costs or costs to deliver solid waste to a Material Recovery Facility ("MRF") increase due to a rate increase at the landfill or MRF used by Grantee, but only for the purpose of passing through said disposal cost increase in Grantee's collection rates."

Therefore, if the rate increase is necessary to cover the increased disposal costs of SDS, the requested rate increase is required by the terms of the Franchise Agreement.

Reasons for Recommendation:

Disposal Cost

SDS has demonstrated that they have been assessed two disposal cost rate adjustments by El Dorado Disposal Services Inc. in the amounts of 3.30% and 3.75% in 2008. An increase in SDS' s collection rates of 2.57% is necessary to cover the increased disposal costs. The Environmental Management Department has verified both the disposal cost rate adjustments made by El Dorado Disposal Services, Inc. and the need for the collection rate adjustment in order to allow SDS to cover these increased disposal costs.

| Current Rate | | 2.57% Disposal Increase |
|--------------|---------|-------------------------|
| 1 32g Can | \$18.42 | \$18.89 |
| 2 32g Can | \$26.31 | \$26.99 |

The Environmental Management Department recommends the Board approve the rate adjustment per Section 19B Compensation of the Franchise Agreement.

SDS has communicated to El Dorado County, Environmental Management that the notices have been sent to their customers regarding this proposed change. The hearing to adopt these proposed collection rate increases has been duly noticed in accordance with Section 66016 of the California Government Code.

Fiscal Impact:

None.

Net County Cost:

None.

Action to be Taken Following Approval:

Forward executed resolution to Environmental Management Department for implementation.

Respectfully,

A handwritten signature in black ink that reads "Gerri Silva". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Gerri Silva, M.S., REHS
Environmental Management Director