

EL DORADO
COUNTY



Solid Waste Rate and Service Study

Presentation ♦ August 18, 2008

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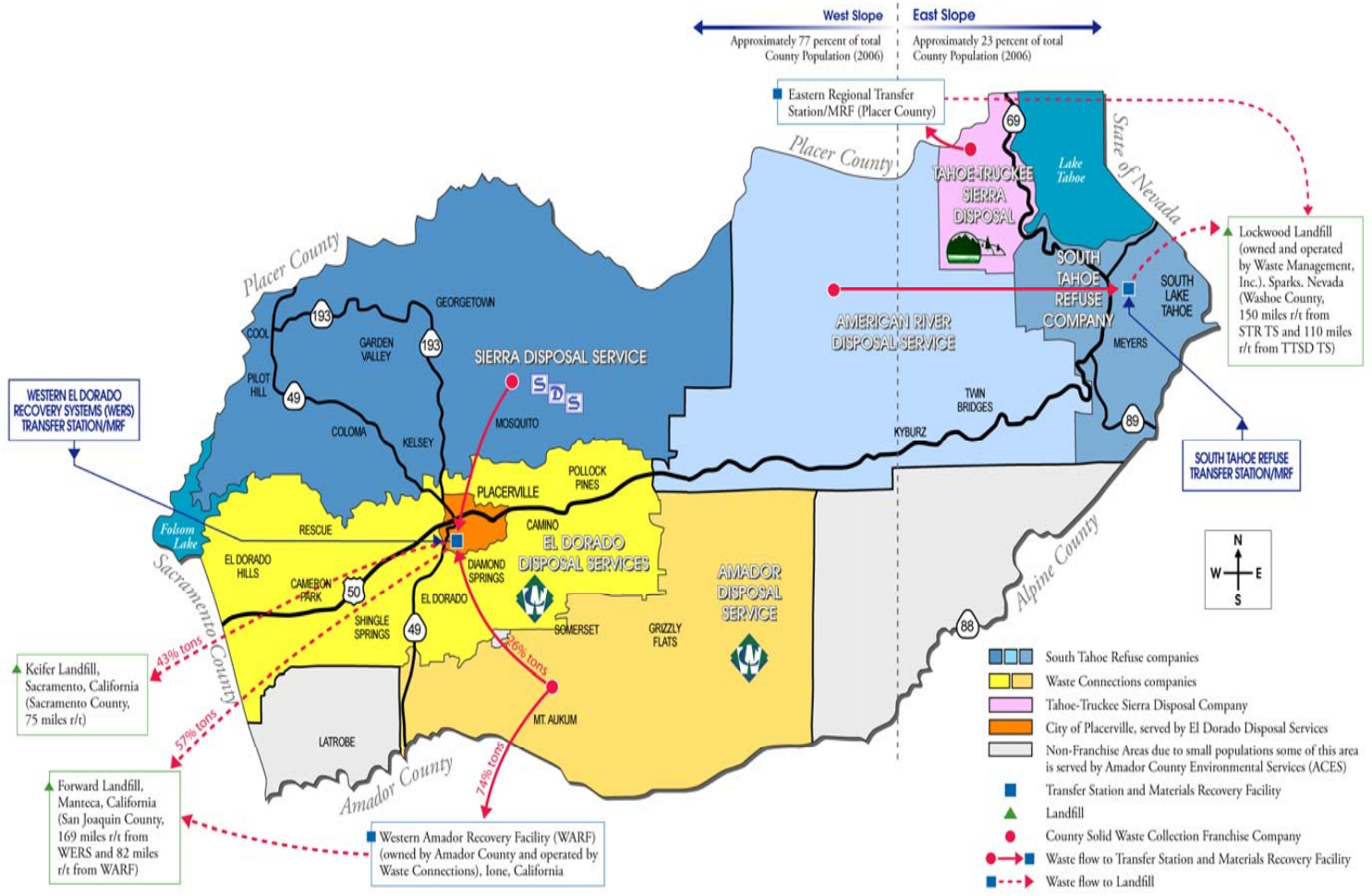
1. Study Scope and Approach

- We prepared analyses in this report in response to the County's scope of work request for solid waste rate and service consulting assistance
- We had a 13-task scope of work which is summarized on page 1-1 of our August 5, 2008 final report titled, "*Solid Waste Rate and Survey Study*"
- For this study, we relied on:
 - Comparative jurisdictions surveys (14 jurisdictions)
 - Our own database of waste management industry data
 - Onsite visits/interviews of the hauling companies
 - Other primary data collection efforts
- Most data for the study was effective as of the early part of 2008





2. Areas Served by Six County Franchise Companies



3. Factors Influencing County Solid Waste Management

- Waste management in the County is complicated by several important County-wide non-homogeneous factors, including:
 - Different solid waste service levels
 - Different solid waste diversion levels
 - Different solid waste management options, including the non-mandatory collection (self-haul) option, and the yard waste burn option
 - Different solid waste material processing approaches and capabilities
 - Different solid waste rate setting methodologies
 - Different solid waste rates and rate structures
 - Different solid waste franchise agreement terms





4. Residential Solid Waste Collection Rates for El Dorado County

No.	Company/Area	Service Level				
		1, 32-Gallon Can	1, 45-Gallon Can	2, 32-Gallon Cans	1, 64-Gallon Cart	1, 96-Gallon Cart
A	<i>Waste Connections of California</i>					
1.0	Amador Disposal Service⁷	\$14.13	\$16.97	\$20.90	N/A	\$25.69
2.0	El Dorado Disposal Services					
2.1	– Cameron Park ¹⁰	N/A	N/A	N/A	\$22.44	22.79
2.2	– City of Placerville ^{1, 8, 11}	15.50	18.36	24.46	N/A	N/A
2.3	– El Dorado Hills ^{2, 12}	20.99	N/A	N/A	22.61	31.68
2.4	– Unincorporated County Area^{3, 9}	18.20	20.69	27.55	26.26	27.93
B	<i>South Tahoe Refuse Company</i>					
3.0	American River Disposal Service	13.46	15.62	18.09	N/A	N/A
4.0	Sierra Disposal Service⁶	18.42	22.34	26.31	N/A	N/A
5.0	South Tahoe Refuse Company⁴	N/A	N/A	23.79	N/A	N/A
C	<i>Tahoe-Truckee Sierra Disposal Company</i>					
6.0	Tahoe Truckee Sierra Disposal⁵	16.21	N/A	21.76	N/A	N/A
	Mean of All County Areas	\$16.70	\$18.80	\$23.27	\$23.77	\$27.02
	Number of Rates	7	5	7	3	4
	Mean of Unincorporated County Franchise Areas	\$16.08	\$18.91	\$23.07	\$26.26	\$26.81
	Number of Rates	5	4	6	1	2
	Median	\$16.21	\$18.83	\$22.78	\$26.26	\$26.81
	Minimum	\$13.46	\$15.62	\$18.09	\$26.26	\$25.69
	Maximum	\$18.42	\$22.34	\$27.55	\$26.26	\$27.93
	Difference Between Minimum and Maximum	\$4.96	\$6.72	\$9.46	\$0.00	\$2.24
	Standard Deviation	\$2.27	\$3.14	\$3.53	–	\$1.58

Rates effective as of January, 2008.





5. Residential Solid Waste Collection Service Levels for El Dorado County

No.	Company/Area	Service Type		
		Refuse*	Curbside Recycling*	Yard Waste*
A	<i>Waste Connections of California</i>			
1.0	Amador Disposal Service	32 or 45-gallon can(s), or 96-gallon cart, weekly	Blue bag in the cans, weekly	None
2.0	El Dorado Disposal Services			
2.1	– Cameron Park	64 or 96-gallon cart, weekly	64-gallon or 96-gallon carts, biweekly	96-gallon carts, biweekly
2.2	– City of Placerville	32 or 45-gallon can(s), weekly	Blue bin or customer provided containers, weekly	Customer provided bags or containers, taken to the Recycle Center for free by customer
2.3	– El Dorado Hills	35, 64, or 96-gallon cart, weekly	64-gallon or 96-gallon carts, biweekly	96-gallon carts, biweekly
2.4	– Unincorporated County Area	32 or 45-gallon can(s), or 64 or 96-gallon cart, weekly	64 or 96-gallon carts, or blue bags, biweekly	96-gallon carts, bags, or bundles, biweekly
B	<i>South Tahoe Refuse Company</i>			
3.0	American River Disposal Service	32 or 45-gallon can(s), weekly	None, material is sorted at MRF	None, material is sorted at MRF
4.0	Sierra Disposal Service	32 or 45-gallon can(s), weekly	Blue bags, weekly	None
5.0	South Tahoe Refuse Company	Unlimited can(s), weekly	None, material is sorted at MRF	None, material is sorted at MRF
C	<i>Tahoe-Truckee Sierra Disposal Company</i>			
6.0	Tahoe-Truckee Sierra Disposal	32-gallon can(s), weekly	Blue bags (outside refuse container), weekly	None



6. County Versus Comparative Jurisdictions Mean Residential Collection Rates



No.	Jurisdiction	Service Level					
		1, 32-Gallon Can	1, 32-Gallon Cart	2, 32-Gallon Cans	1, 64-Gallon Cart	3, 32-Gallon Cans	1, 96-Gallon Cart
1	Amador County	\$18.53	\$19.08	\$24.84	\$24.08	\$31.15	\$26.88
2	Butte County	N/A	17.65	N/A	22.80	N/A	25.15
3	Calaveras County	13.49	N/A	18.19	21.17	22.85	21.97
4	Merced County	11.26	N/A	11.26	25.68	16.08	31.38
5	Monterey County	25.45	23.83	38.95	36.11	52.31	49.24
6	Nevada County	18.99	N/A	25.88	30.35	32.75	36.73
7	Placer County	N/A	16.37	N/A	23.98	N/A	28.62
8	San Luis Obispo County	20.54	20.60	27.55	31.81	33.89	43.01
9	Shasta County	N/A	N/A	N/A	19.70	N/A	22.79
10	Stanislaus County	14.15	14.53	21.46	15.51	31.44	21.46
11	Sutter County	N/A	22.55	N/A	33.56	N/A	44.57
12	Tuolumne County	21.82	N/A	32.75	N/A	46.11	N/A
13	Yuba County	N/A	22.72	N/A	33.82	N/A	44.92
14	Town of Truckee	14.11	N/A	15.00	N/A	15.89	N/A
	Mean	\$17.59	\$19.67	\$23.99	\$26.55	\$31.39	\$33.06
	Mean of Unincorporated El Dorado County Franchise Areas	\$16.08	–	\$23.07	\$26.26	–	\$26.81
	Absolute Difference	-\$1.51	–	-\$0.92	-\$0.29	–	-\$6.25
	Percent Difference	-8.58%	–	-3.83%	-1.09%	–	-18.91%

Rates effective as of January, 2008.



7. Summary of County Rate Comparability

- Current County solid waste management rates are:
 - (1) clearly comparable to other relevant jurisdictions for the residential sector
 - (2) mostly comparable to other relevant jurisdictions for the commercial sector
 - (3) are somewhat comparable to other relevant jurisdictions for the industrial sector
 - These findings suggest that on an overall basis, solid waste rate comparisons are not a policy issue for the County

- County residential rates also were relatively comparable to jurisdictions currently meeting the AB 939 diversion goals, though the County has a more tightly grouped rate structure rather than a more “linear” rate structure (a linear rate structure when coupled with other solid waste management tools, such as aggressive recycling programs, can help increase diversion levels)
- Some price incentive rate structures could be implemented in conjunction with new recycling programs, waste reduction education campaigns, composting programs, and other diversion strategies to help divert waste from the disposal stream



8. Other Study Findings

■ Franchise Valuations

- For solid waste services franchise valuations, we estimated discounted future profitability cash flows. Net present values of projected financial profitability varied substantially by company
- Net present values for projected allowable profits, assuming a ten year franchise term, ranged from \$142,980 (ARDS) to \$9,662,876 (EDDS, includes both collection and MRF operations)
- These are relatively small estimated franchise values compared to franchise values in many other California cities and counties



8. Other Study Findings (continued)

■ Franchise Fees

- Franchise fees are paid by each of the solid waste franchise companies to the County at five (5) percent of gross revenues (the same for all six franchisees)
- According to our franchise fee surveys, average franchise fees for comparable jurisdictions range from approximately seven (7) percent to ten (10) percent of gross revenues
- For a separate analysis of fifty (50) city and county franchise fees that we compiled, we found that franchise fees ranged from 4 to 16 percent of gross revenues with a mean of 9.6 percent

■ Company Efficiencies

- Based on our site visits to each of the parent franchise companies, interviews of company management, and analyses of data provided by the six companies, we provide an assessment of the relative productivity and efficiencies of each franchise company
- Generally, each of the six franchise companies cannot materially increase their refuse collection operating efficiencies given the constraints of their rural, seasonal, and hard-to-serve service areas, though they may be able to increase curbside recycling opportunities and efficiencies



8. Other Study Findings (continued)

■ Franchise Extension Evaluations

- We found that the County should take the following steps related to franchise extension considerations:
 - Entertain structured negotiations with each franchisee when time appropriate to assess the willingness of that franchisee to enhance its services to meet County solid waste management planning goals
 - Conduct well documented, transparent, negotiations with its franchise companies to address the potential for new programs and/or services
 - Structure future franchises with a base term of nine (9) years, with three (3) additional, two-year extensions (each with required approval by the County only). In total, a new franchise would represent a maximum potential 15-year term (including the three (3), two-year extensions)
 - Consider a new formal competitive bid process for its refuse providers unless it can not come to agreeable terms with its current franchisees
 - Not contemplate refuse collection operations of its own, and the County should continue to utilize private sector franchises for refuse collection
 - Develop at least a high level County solid waste management system plan before negotiating franchise extensions with any of its franchisees
 - Develop a common County-wide solid waste rate setting process and methodology used for all franchised hauling companies

8. Other Study Findings (continued)

■ System Management Plan

- The County should determine in this plan to what degree it can enhance current curbside recycling programs in each franchise area. For some franchise areas, or portions of these franchise areas, this may involve piloting, or phasing in, cart-based curbside recycling. For other areas, this may involve placing materials in separate blue-bags outside the refuse container
- Where feasible and practical, a systematic, single stream, cart-based refuse service; cart-based curbside recycling, and cart-based yardwaste program should be considered in future planning for a County-wide waste management system
- The plan should address how, where, and when to update its waste management facilities, including the current West County MRF
- This plan should align its future solid waste management system goals with the goals embodied in its franchise agreements

