



Legislation Text

File #: 09-0808, **Version:** 1

Per the request of Waste Connections Inc. and as outlined in the June 25, 2002 Franchise Agreement, conduct a public hearing to consider adoption of Resolution adjusting the solid waste collection rates for Waste Connections, Inc., dba Amador Disposal Service by 12.5% and adjusting the fuel surcharge from 3.22% to 2.70%, effective July 1, 2009.

Resolution 142-2009

Fiscal Impact/Change to Net County Cost: There is no change in Net County Cost. The attached Resolutions indicate proposed solid waste rate levels.

Background: Per the Board discussion on June 2, 2009 the Environmental Management Department is furthering this item to the Board in the manner in which it was originally requested by the franchisee.

In accordance with the Franchise Agreement Between El Dorado County and Waste Connections of California Inc., d/b/a Amador Disposal Service Co, Section 19 - Compensation, the Board of Supervisors shall set the rates to be charged by Grantee at such times as the Board deems appropriate, but no less often that every two (2) years, unless a longer period is agreed on by the County and Grantee.

In addition, the Board of Supervisors shall consider revising Grantee's rates whenever Grantee establishes to the satisfaction of the Board that unforeseen circumstances have arisen which have materially affected the Grantee's costs or revenues under this Franchise Agreement.

On March 30, 2009, the Environmental Management Department received a letter from Waste Connections of California Inc., d/b/a Amador Disposal Service formally requesting a collection rate increase of 12.5% and an adjustment of the fuel surcharge from 3.22% to 2.70% (Attachment A).

General Rate Increase: Further information was requested from the Grantee to justify the proposed rate adjustment (Attachment B). On May 18, 2009, the Environmental Management Department received a letter from Waste Connections of California Inc., d/b/a Amador Disposal Service regarding the additional information (Attachment C). Per section 15 of the Franchise Agreement, "Grantee shall maintain a proper set of books and records on an accrual basis, and an annual audited financial statement in accordance with generally accepted accounting principles, accurately reflecting the business done by it under this Agreement". An audited annual financial statement has been requested due to the back to back large rate increase requests and changes and discrepancies in the financial information provided (Attachment D). This information is pending.

Fuel Surcharge: As with El Dorado Disposal Service, R3 Consulting assisted and provided the tools to analyze the initial fuel surcharge request. At the recommendation of R3, it was determined that an appropriate method to establish the initial fuel surcharge rate was to review the average Producers

Price Index for Diesel Fuel #2 over the past three years and develop a baseline measurement. The baseline measurement was proportionally applied to the company's expenses to compensate for the increase cost of fuel. On August 22, 2006, at the request of Waste Connections of California Inc. d/b/a Amador Disposal Service, the Board granted the fuel surcharge of 3.24%.

In 2007 and 2008, Waste Connections of California Inc. d/b/a Amador Disposal Service did not request an adjustment to this fuel surcharge. Based on the evaluation of the 2009 diesel fuel index it appears there is no longer an extraordinary cost of fuel which would generate an unforeseen circumstance to warrant a fuel surcharge. Note the PPI chart (Attachment E)

The Environmental Management has approved Waste Connections of California Inc. d/b/a Amador Disposal Service written notification to each ratepayer as described in Section 19 of the Solid Waste Franchise Agreement (Attachment F). The hearing to adopt the proposed collection rate adjustments has been duly noticed in accordance with Section 66016 of the California Government Code.

Items for Consideration:

General Rate Increase: On June 10, 2009 Environmental Management received a letter from Waste Connections of California Inc. d/b/a Amador Disposal Service notifying the County of their intent to hire a third party CPA firm to conduct an independent audit of Amador Disposal's financial statements as it relates to the El Dorado County Franchise Agreement for 2008 with a completion date no later than August 31, 2009 (Attachment G).

In accordance with the Solid Waste Service Agreement, the Board has the following options regarding the general rate request:

- 1) Grant Waste Connections Inc. d/b/a Amador Disposal Service the general rate increase request of 12.5% or an increase deem reasonable by the Board of Supervisors. Please note the basic residential and commercial rates below. The all inclusive fee schedule is included in the attached resolution.

Residential

| | |
|--------------|---------|
| Current Rate | |
| 1 32g Can | \$15.74 |
| 2 32g Cans | \$23.28 |
| 1 96g Cart | \$28.61 |

Residential

| | |
|--------------------------------|---------|
| Rate w/ 12.5% General Increase | |
| 1 32g | \$17.71 |
| 2 32g | \$26.19 |
| 1 96g | \$32.19 |

Commercial

| | |
|--------------|----------|
| Current Rate | |
| 1 Yard | \$60.39 |
| 2 Yard | \$120.83 |

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| Rate w/ 12.5% General Increase | |
| 1 Yard | \$67.93 |
| 2 Yard | \$135.9 |

- 2) Set the collection rates at the current levels.
- 3) Upon a formal request from the Franchisee, continue the hearing on the setting of the General Rate until after the Grantee submits audited financial statements.

Fuel Surcharge: In accordance with the Franchise Agreement, the Board has the following options regarding the fuel surcharge rate request:

- 1) Grant Waste Connections Inc. dba Amador Disposal Service the fuel surcharge rate request decrease of .52% which would create a new fuel surcharge rate of 2.70% or an amount deemed reasonable by the Board of Supervisors.

Option 1 - Residential

| | |
|------------------------------|---------|
| Rate w/ 2.70% Fuel Surcharge | |
| 1 32g Can | \$18.24 |
| 2 32g Cans | \$26.96 |
| 1 96g Cart | \$33.14 |

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|---|----------|
| Rate w/ 2.70% Fuel Sur cha rge | |
| 1 Yard | \$69.95 |
| 2 Yard | \$139.97 |

- 2) Deny Waste Connection Inc.'s fuel surcharge rate request in its entirety.

- 3) With the Consent of the Franchisee, continue the hearing on the request for a Fuel Surcharge until after the Grantee submits audited financial statements.

Action to be taken following Board direction/approval: Environmental Management Department to implement.

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