



Legislation Text

File #: 09-0340, **Version:** 4

Environmental Management Department recommending the Board hold a public hearing to set direction regarding options to fund a Rate Setting Methodology Study and future County Solid Waste Planning, as follows:

- 1) Adopt a Resolution increasing the Solid Waste Franchise Fees by 1.5% to fund a Rate Setting Methodology Study and future County Solid Waste Management Planning;
- 2) Direct Environmental Management to appropriate \$50,000 annually over the next two fiscal years to assist with funding of the Solid Waste Management Plan and Standardized Rate Setting Methodology;
- 3) Approve the proposed conceptual solid waste working committee membership and project timeline;
- 4) Direct Environmental Management to continue work on countywide solid waste management planning pursuant to the direction given concerning the funding mechanism options; and
- 5) Direct the Department to continue to provide periodic updates and performance measurements to the Board as necessary.

Background:

On March 16, 2009 the Environmental Management Department held a workshop to discuss countywide Solid Waste Management Planning with the Board of Supervisors. Pursuant to this workshop, the Board of Supervisors directed Environmental Management to engage in the following:

- 1) Direct staff to set a public hearing to consider options to fund a Rate Setting Methodology Study and future County Solid Waste Planning, including consideration of an increase, not to exceed 2%, in Solid Waste Franchise Fees to support the development and implementation of those items effective July 1, 2009;
- 2) Direct Environmental Management to establish a working Committee, and review recommended participants with the Board, that will assist the Department to research and identify a proactive approach for future county solid waste planning; and
- 3) Direct the Environmental Management Department to continue to work on countywide solid waste management planning including the establishment of a timeline with milestones and performance measures and provide periodic updates to the Board.

Reason for Recommendation:

Solid Waste Management Plan/Funding Options: On April 21, 2009, the Environmental Management Department presented an agenda item to the Board regarding solid waste management planning support. The item requested that the Chair sign a letter inviting support from the County's stakeholders: Cameron Park Community Services District, El Dorado Hills Community Services District, City of Placerville and the South Lake Tahoe Basin Waste Management Authority (JPA). The

intent of this letter was to solicit a collective approach so that the various and wide-ranging solid waste challenges and issues could be identified and approached in a universal manner. (Attachment A)

Agency Partners:

CPCSD - Staff met with the Cameron Park CSD on May 21, 2009, to discuss partnering on the Countywide Solid Waste Management Plan. The CSD is considering monetary support of the plan, and has designated a staff member to participate on the solid waste working committee.

EDHCSD - A meeting has been scheduled to discuss a Countywide Solid Waste Management Plan on May 27, 2009.

City of Placerville - A meeting has been scheduled to discuss a Countywide Solid Waste Management Plan on May 28, 2009.

The Tahoe Basin Solid Waste Joint Powers Authority (JPA) - The JPA met on April 30, 2009, and took action regarding their potential support of a Solid Waste Management Plan (Plan) and development of a Standardized Solid Waste Rate Setting Methodology. The JPA is considering monetary support of up to \$42,000 regarding the development of the Plan. The JPA intends to further discuss the request for financial support of the Plan in September following an update from the solid waste working committee. The JPA made a motion to solicit proposals for a scope-of-work as related to the update of the Solid Waste Rate Setting Policies and Procedures Manual. The JPA appointed Cathy Pool, from Douglas County, as the designated staff member from the JPA to participate in the solid waste working committee.

Franchise Haulers: Letters were sent to all the franchise haulers requesting their cooperation and financial support specific to the development of a common rate setting methodology. While the franchise haulers have expressed a willingness to cooperate in the process, at this time, none of the haulers have offered to financially support the project. (Attachment B)

Environmental Management Budget: Through the development of fiscal year 2009-10 budget the Department identified savings in the Solid Waste Program. These savings could be utilized to assist in the funding of the Plan. It is estimated that the Solid Waste Program could fund up to \$50,000 towards the Plan over the next two fiscal years for a total of \$100,000.

Franchise Fee Increase: Per the Franchise Agreements, "Franchise Fees" means the fee or assessment imposed by the County, and is intended to compensate County for its expenses in administering this Franchise Agreement, and to fund other waste management activities. The franchise fees are an allowed pass-through cost per the agreements.

Per the NewPoint Group Solid Waste Rate and Service Study franchise fee survey, the average franchise fees for comparable jurisdictions range from approximately seven (7) percent to ten (10) percent of gross revenues. An additional analysis of fifty (50) city and county franchise fees that was compiled, found that franchise fees ranged from 4 to 16 percent of gross revenues with a mean of 9.6 percent. The County currently assesses a (5) percent franchise fee on its Franchisee's solid waste

operations. In relation to the comparable jurisdictions, the County's franchise fee is substantially below the comparable jurisdiction fees. The County's relatively low franchise fee allows the County the latitude to raise the franchise fees to help fund future County solid waste improvements.

As the Environmental Management Department appropriated \$50,000 in the 2009-10 budget proposal, Environmental Management has determined that there is a need to increase the Solid Waste Franchise Fees by 1.5% or equal to \$150,000 annually. The 1.5% franchise fee increase equates to approximately \$.20 - \$.36 per rate payer monthly or an annual increase of \$2.40 - \$4.30 per subscribed household in the unincorporated area in the County of El Dorado. This increase to the franchise fees will enable the Department to proceed with Solid Waste Management Planning, including the rate methodology, while continuing to explore options for partnership funding.

The hearing to adopt the proposed franchise fee adjustments has been duly noticed in accordance with Section 66016 of the California Government Code. (Attachment C)

Project Cost and Financing Summary

The project funding was originally identified at \$150,000-\$200,000 for the Solid Waste Management Plan and \$200,000 for the Rate Setting Methodology which included complete financial audits and base rate recommendations for each of the franchise agreements. These figures were estimates based on inquiries by the Department for planning purposes.

Given the direction from the Board that the Environmental Management Department establish a solid waste working committee to assist the Department to research and identify a proactive approach for future county solid waste planning, it is anticipated that the need for scoping and planning services may be reduced. However, to complete the Solid Waste Management Plan the assistance of professional and technical services will be required. It is anticipated that this collaborative phased in approach will allow for the cost of professional service to be on the low end of the estimate previously provided at \$150,000.

As the Environmental Management Department works through the process of the Standardized Rate Setting Methodology, it is anticipated that the cost could be reduced given the timing and need of financial audits for each hauler.

The Board has the following options related to future funding Standardized Rate Setting Methodology Solid Waste Planning and a:

Option 1

Increase Solid Waste Franchise Fees 1% and direct Environmental Management to budget \$50,000 annually over the next two fiscal years. This will fund the Standardized Rate Setting Methodology Solid Waste Planning project to a level wherein completion could be obtained over at two year period.

Option 2

Increase Solid Waste Franchise Fees by 1.5% and direct Environmental Management to budget

\$50,000 annually over the next two fiscal years. This will fund the Standardized Rate Setting Methodology Solid Waste Planning to a level wherein completion could be obtained in a one year period. However, funding will be realized over a two fiscal year period.

Option 3

Maintain Solid Waste Franchise Fees and Environmental Management Budget at their current level. Direct Environmental Management Department to move forward with the solid waste working committee to research and identify a proactive approach for future county solid waste planning. The standardized rate setting methodology will not move forward and rate setting will be conducted within the current guidelines of the established Franchise Agreements.

The Environmental Management Department will continue to work with the partner agencies to identify potential funding. Should additional funding become available it will be allocated as appropriate to maximize the project resources (i.e. JPA support of the Solid Waste Management Plan).

Solid Waste Working Committee: Based on Board direction to establish a solid waste working committee to assist the Department to research and identify a proactive approach for future county solid waste planning, Environmental Management is recommending the following membership:

County Representatives:

Environmental Management - 2 Representatives
Chief Administrative Office - 1 Representative
Economic Development Advisory Committee -1 Representative

Local Agencies:

City of Placerville -1 Representative
City of South Lake Tahoe -1 Representative
Cameron Park Community Services District -1 Representative
El Dorado Hills Community Services District -1 Representative
South Lake Tahoe Joint Powers Authority -1 Representative

Business, Public, Advisory Committee:

DST Output -1 Representative
Snowline Hospice -1 Representative
Office of Education -1 Representative
Residents Involved in Positive Planning (RIPP) -1 Representative
El Dorado Solid Waste Advisory Committee - 2 Representatives

Solid Waste Management Planning Conceptual Timeline: Environmental Management has developed a conceptual timeline outlining the development of the Plan including the establishment of milestones, performance measures and periodic updates to the Board. The proposed Solid Waste Management Planning Timeline represents a very compressed complex process. The conceptual timeline is a "best case" scenario dependent upon the successful coordination of multiple variables including the availability of adequate funding, request for proposal responses, negotiations with solid

waste franchisees, and direction provided by the Board of Supervisors. (Attachment D)

Environmental Management Recommendation:

- 1) To expedite the dual tracking of the Solid Waste Management Planning and Standardized Rate Setting Methodology in an efficient timeframe Environmental Management has identified Option 2 as the recommended funding option.

Adopt Resolution increasing the Solid Waste Franchise Fees by 1.5% to fund a Rate Setting Methodology Study and future County Solid Waste Management Planning.

Direct Environmental Management to appropriate \$50,000 annually over the next two fiscal years to assist with funding of the Solid Waste Management Plan and Standardized Rate Setting Methodology.

- 2) Approve the proposed conceptual solid waste working committee membership and project timeline.
- 3) Direct Environmental Management to continue work on countywide solid waste management planning pursuant to the direction given concerning the funding mechanism options. Additionally, direct the Department to continue to provide periodic updates and performance measurements to the Board as necessary.

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