



Legislation Text

File #: 19-0918, **Version:** 1

HEARING - Environmental Management Department recommending the Board consider the following regarding the solid waste collection rates for Tahoe Truckee Disposal Co., doing business as Tahoe Truckee Sierra Disposal:

- 1) Based on the analysis completed by staff, find that a 6.0% increase to the existing rates be in accordance with the interim year rate setting process as outlined in the Solid Waste Rate Setting Policies and Procedures Manual; and
- 2) Adopt and authorize the Chair to sign Resolution **094-2019** adjusting the solid waste collection rates for Tahoe Truckee Sierra Disposal franchise area by 6.0% for the 2019 interim year to become effective July 1, 2019. (Est. Time: 20 Min.)

FUNDING: User Fees/Franchise Fees. (No Federal Funding)

DISCUSSION / BACKGROUND

On October 27, 2015 (Item No. 26, File No. 15-0903), the Board adopted Resolution No. 161-2015 authorizing a new Solid Waste Services Agreement (Franchise Agreement) with Tahoe Truckee Sierra Disposal for the collection of solid waste throughout the franchise area. The new Franchise Agreement incorporated a Solid Waste Rate Setting Policies and Procedures Manual (Rate Manual) developed by NewPoint Group (now Crowe LLP).

The Rate Manual provides specific requirements for the setting of collection rates during “Base” years (every third year of the Franchise Agreement) and “Interim” years (years falling between base years). Base year rate adjustments require an in-depth financial analysis to determine if rates require adjustment, the amount of the adjustment, and whether or not an increase or decrease to rates is warranted. Interim year rate adjustments are calculated based upon 85% of the change in the U.S. City Average - Garbage and Trash Collection Consumer Price Index (CPI) of the previous 12 months (December to December). The franchise hauler is not obligated to request an increase in interim years.

The new Franchise Agreement incorporated the residential and commercial solid waste collection rates, as base years, adopted by the Board on June 23, 2015 (Item No. 49, File No. 13-0572), Resolution No. 098-2015, and became effective July 1, 2015. Interim year rate increases were previously approved by the Board on June 7, 2016 (Item No. 37, File No. 15-0903, 1.75%) and on May 23, 2017 (Item No. 25, File No. 15-0903, 1.51%). On June 12, 2018 (Item No. 29, File No. 18-0824), the Board approved a base year rate increase of 1.92%.

On February 26, 2019, Tahoe Truckee Sierra Disposal submitted an Interim Year Rate Application to the Environmental Management Department (Environmental Management) for collection services for rate year 2019 requesting a 6.18% rate increase for residential and commercial solid waste collection rates. Upon further discussions with Tahoe Truckee Sierra Disposal, it was determined that a 6.0% rate increase would be recommended to the Board. On May 29, 2019, Tahoe Truckee Sierra Disposal submitted a revised Interim Year Rate Application (Rate Application) requesting the 6.0% rate increase (Attachment C). The Rate Manual requires Environmental Management to review the

application, verify the CPI calculation, and prepare a staff report with recommendations of new rates for the Board's consideration (Attachment D). The staff report includes two (2) attachments: 1) the Rate Application; and 2) the revised rate schedules.

Attachments D and E include a sample summary of the impact to commercial and residential rates from the CPI rate increase request of 6.0%. A complete rate schedule is included in the proposed Resolution.

In accordance with County Ordinance 8.42.170, notice of the time, date, place, and purpose of the public hearing to adopt the proposed solid waste collection rate adjustments has been duly noticed to affected ratepayers. At the request of Environmental Management, a public hearing notice for the franchise area was published in the Tahoe Daily Tribune newspaper on June 14, 2019 and June 21, 2019 (Attachment E). In addition, El Dorado Disposal Service provided notice to customers by including said notice on billing statements for customers in Franchise Area A and by postcard for Franchise Areas B and C, and posted a notice at the entrance to the MRF.

ALTERNATIVES

Denial of the requested 6.0% 2019 interim year rate increase would violate the contractual terms of the Board approved Franchise Agreement and Rate Manual incorporated therein.

PRIOR BOARD ACTION

See Discussion/Background above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel has approved the proposed Resolution.

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve the 6% increase to existing rates.

FINANCIAL IMPACT

The increase in rates proposed by Tahoe Truckee Sierra Disposal is directly related to the cost to provide this service to customers. The County's Franchise Fee will remain at 5%. However, as rates are incrementally increased, the County will see a slight increase in Franchise Fee revenue.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board will obtain the Chair's signature on one (1) original copy of the adopted Resolution.
- 2) Clerk of the Board will forward one (1) copy of the executed Resolution to Environmental Management for further processing.

STRATEGIC PLAN COMPONENT

Healthy Communities, Good Governance

CONTACT

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