



## Legislation Text

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**File #:** 08-0968, **Version:** 1

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Hearing to consider adoption of Resolution **190-2008** adjusting the solid waste collection rate for South Tahoe Refuse, Inc. by 4.33%, effective July 1, 2008.

Fiscal Impact/Change to Net County Cost: There is no change in Net County Cost.

Background: In accordance with the Franchise Collection Agreement between El Dorado County and South Tahoe Refuse, Inc., Section 19 - Compensation, the Board of Supervisors shall set the rates to be charged by the Grantee. Per the Franchise Agreement the Grantee shall be entitled to a rate increase whenever Grantees landfill disposal costs increase due to rate increases at the landfill used by Grantee, but only for the purpose of passing through said disposal cost increase in grantees collection rates. In addition, the Board of Supervisors shall consider revising Grantees rates whenever Grantee establishes to the satisfaction of the Board that unforeseen circumstances have arisen which have materially affected the Grantees costs or revenue under the Franchise Agreement.

On May 28, 2008, the Environmental Management Department received a letter from Freeman & Williams, LLP on behalf of South Tahoe Refuse Inc. formally requesting a rate increase of 4.33% for the upcoming Operating Year commencing July 1, 2008 (see attachment A). As stated by the Grantee this increase is required to reimburse STR for disposal cost increases at the Lockwood Landfill (where STR disposes of all waste required to be land filled that STR collects in the South Tahoe basin) and diesel fuel price increases. The components of the 4.33% rate increase are: 2.7% for pass-through from Lockwood Landfill, 1.4% for fuel increases and 0.23% for applicable franchise fees.

On March 15, 2005, the Board of Supervisors approved three yearly 9% rate increases for South Tahoe Refuse (STR), to become effective on April 2005, January 2006 and January 2007. The first 9% increase effective in April 2005 was to compensate STR for their operating costs. The requested 2006 and 2007 conditional 9% rate increases have two components-3% for projected annual increases in STRs operating costs and 6% to pay for financing and construction of Phase I of the Resource Recovery Facility. Based upon this Board action STR agreed to a 3% rate increase to compensate STR for their operating expenses in 2007.

Reason for Recommendation:

**Landfill Disposal Cost:** STR has demonstrated they have been assessed three rate increases by the Lockwood Landfill in the amounts of 5.3% in April 2007, 4.9% in April 2008 and 9.6% effective no later than September 1, 2008. The Lockwood Landfill disposal cost increases for 2007-2008 result in a net increase of 2.7%. The cost increase for 2007 is 0.7% and the increase for 2008 is 2.0%. This increase is calculated based upon the disposal cost as they relate to the company's overall expenditures (see attachment B).

**Franchise Fees (FF):** Because increases in STRs rates to cover these expenses would automatically require that STR pay the County additional franchise fees, and because these fees are assessed as a percentage of STRs rate revenues, STR has requested a rate increase of 0.23% to account for the pass-through franchise fees as they relate to the increase in STRs disposal and fuel costs.

The Environmental Management Department recommends the Board review and approve one of the following options related to the landfill disposal portion of the increase request per Section 19-Compensation. Please note the basic residential and commercial rates below. The all inclusive fee schedule is included in the attached resolution.

1) Grant South Tahoe Refuse, Inc. a 2.7% landfill disposal increase for the years 2007 and 2008 with applicable franchise fees (see Resolution Option One attachment C).

<b>Option 1- Residential</b>		Option 1- Residential	
Current Rate		Rate w/ 2.7% Disposal Increase (plus .23% FF)	
Unlimited	\$23.79	Unlimited	\$24.49
<b>Option 1- Commercial</b>		Option 1-Commercial	
Current Rate		Rate w/ 2.7% Disposal Increase (plus .23% FF)	
Per Cubic Yard	\$28.53	Per Cubic Yard	\$29.37

2) Grant South Tahoe Refuse, Inc. a 2.0% landfill disposal increase for 2008 with applicable franchise fees. STR previously agreed to accept the 3% rate adjustment for 2007 without excluding disposal costs from that increase and STR did not seek a disposal cost adjustment when it occurred in 2007 (see Resolution Option Two attachment D).

<b>Option 2 - Residential</b>		Option 2 - Residential	
Current Rate		Rate w/ 2.0% Disposal Increase 2008 (plus .23% FF)	
Unlimited	\$23.79	Unlimited	\$24.32
<b>Option 2 - Commercial</b>		Option 2 - Commercial	
Current Rate		Rate w/ 2.0% Disposal Increase 2008 (plus .23% FF)	
Per Cubic Yard	\$28.53	Per Cubic Yard	\$29.17

**Fuel Surcharge:** From July 2006 through April 2008, STR has represented that the cost of fuel has increased 21.56%. STR is requesting a 1.4% fuel increase based upon the calculated fuel cost as related to the company's overall expenditures (see attachment B).

In accordance with the Franchise Collection Agreement, the Board shall review and consider the temporary fuel surcharge request in its discretion. The Board has the following two options regarding the fuel rate increase:

1) Grant South Tahoe Refuse, Inc. a temporary fuel surcharge request of 1.4% until fuel prices

stabilize (see Resolution Option Three A and B attachment E and F, respectively).

**Option 1 Fuel Surcharge - Residential**

2008 Base Rate	Rate w/ 1.4% Fuel Surcharge	
\$24.49	Unlimited	\$24.82

**Option 1 Fuel Surcharge - Commercial**

2008 Base Rate	Rate w/ 1.4% Fuel Surcharge	
\$29.37	Per Cubic Yard	\$29.77

**Option 2 Fuel Surcharge - Residential**

2008 Base Rate	Rate w/ 1.4% Fuel Surcharge	
\$24.32	Unlimited	\$24.65

**Option 2 Fuel Surcharge - Commercial**

2008 Base Rate	Rate w/ 1.4% Fuel Surcharge	
\$29.17	Per Cubic Yard	\$29.57

2) Deny South Tahoe Refuse, Inc. the temporary fuel surcharge request.

The Environmental Management Department has approved South Tahoe Refuse Inc. written notification to each ratepayer as described in Section 19 of the Solid Waste Franchise Agreement (see attachment G). The hearing to adopt the proposed collection rate adjustments has been duly noticed in accordance with Section 66016 of the California Government Code.

Contact: Gerri Silva, MS, REHS, Environmental Management Director

Concurrences:

