



Legislation Text

File #: 10-0611, **Version:** 1

HEARING - Consider a request of Waste Connections of California, Inc., dba Amador Disposal Service Inc. to conduct a public hearing for adoption of Resolution increasing the solid waste collection rate for Waste Connections of California, Inc., dba Amador Disposal Service by 15% effective July 1, 2010.

Resolution 073-2010

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

Background:

In accordance with the Franchise Agreement Between El Dorado County and Waste Connections of California, Inc., d/b/a Amador Disposal Service, Inc., 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 than every two (2) years, unless a longer period is agreed on by the County and Grantee".

In setting the rates, Section 19B requires that "[r]ates shall be set with the intent to reimburse Grantee for its allowed Operating and Pass through Costs and Allowed Profit."

Sections 19C and 19E set forth those costs excluded from Operating Costs and those which are Pass-Through Costs, respectively.

Section 19F determines the manner in which the Grantee's allowed profit is to be determined. It states in pertinent part, "[t]he Grantee shall be entitled to a profit on its operating costs established in the sole discretion of the Board of Supervisors."

The history of Amador Disposal Service, Inc. rate increases are as follows:

Effective 7/1/2006	3.70% CPI
Effective 10/1/2006	3.24% Fuel Surcharge
Effective 1/1/2009	15.0% General Rate Increase*
Request 3/30/2009	12.5% General Rate Increase
Effective 7/1/2009	Board of Supervisors maintained rates at current levels and removed the fuel surcharge (June 23, 2009)
Request 9/21/2009	Amador Disposal Service Inc. request rehearing of 12.5% general rate increase.
Effective 10/27/2009	Board of Supervisors denied request for rehearing.

* The rate increase effective January 1, 2009 related to a rate increase request by Amador Disposal Service Inc. in 2008. The rate request was deferred pending additional

information and the exploration of an enhanced recycling program.

The Franchise Agreement Section 19 provides that the Board may set the rates to be charged by the Franchisee at such times the Board deems appropriate, but no less often than every two years. The Board last set the rates of the Franchisee at the June 23, 2009. Those rates were made effective July 1, 2009. Under the Franchise Agreement, the Board is required to again set the rates for this Franchisee no later than June 2011. The Board may consider a request by the Franchisee before that time if the Board deems it appropriate.

Reason for Recommendation:

On March 31, 2010, the Environmental Management Department received a letter from Waste Connections of California, Inc., d/b/a Amador Disposal Service, Inc. formally requesting an increase of 15% based on actual operating results for 2009 and projected revenues and costs for 2010 and 2011. (Attachment A)

As outlined in the "Financial Statement for the Year ended December 31, 2009" Amador Disposal Service Inc. ended 2009 with an operating net loss of \$22,999. Amador Disposal Service Inc. has represented in the two year projection provided that a 15% rate increase would result in an estimated loss of \$7,268 in 2010 and an estimated profit of \$14,460 or 1.97% in 2011. Staff's initial review of the audited financial statement and the two year projection provided by Amador Disposal Service Inc. appear to be in accordance with the rate setting procedures established in the franchise agreement.

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

Item for Consideration:

1. The Board must decide whether in its discretion it is an appropriate time to set a rate setting hearing to consider the request of Amador Disposal Service Inc.
2. In accordance with the Solid Waste Service Agreement, consider Amador Disposal Service Inc. rate request. 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

Residential

Rate w/ 15% Increase	
1 32g	\$18.10

1 45g Can	\$18.91
1 96g Cart	\$28.61

Commercial

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

1 45g	\$21.75
1 96g	\$32.90

Commercial

Rate w/ 15% Increase	
1 Yard	\$69.45
2 Yard	\$138.9

Action to be taken following Board approval: Forward executed resolution to Environmental Management Department for implementation.

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