



Legislation Text

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HEARING - Community Development Agency, Environmental Management Division, recommending the Board consider the following:

- 1) Adopt and authorize the Chair to sign Resolution **144-2015** authorizing the approval of consolidation of the Amador Disposal Service franchise service area into the El Dorado Disposal Service Franchise Agreement; approving the First Amendment to the El Dorado Disposal Service Franchise Agreement; and terminating the existing Franchise Agreement between the County and Amador Disposal Service;
- 2) Authorize the Chair to sign the First Amendment to the El Dorado Disposal Franchise Agreement incorporating the Amador Disposal Service franchise service area (designated as Area B); and
- 3) Adopt and authorize the Chair to sign Resolution **145-2015** authorizing the proposed rate adjustment and schedule for residential and commercial customers in the Amador Disposal Service franchise service area (Area B of the First Amendment to El Dorado Disposal Service Franchise Agreement). (Est. Time: 20 Min.)

FUNDING: Garbage Franchise Fees. (No Federal Funds)

DEPARTMENT RECOMMENDATION

Staff recommends the Board of Supervisors (Board) adopt Resolution **144-2015 (Attachment B)** and approve the First Amendment to the El Dorado Disposal Service (EDDS) Franchise Agreement to consolidate the Amador Disposal Service (ADS) franchise service area into the EDDS Franchise Agreement (**Attachment C**). Incorporating the ADS franchise service area into the EDDS Franchise Agreement will make the ADS Franchise Agreement unnecessary and therefore should be terminated by the Board. Staff further recommends the Board adopt Resolution **145-2015** approving the proposed base year rate schedule for residential and commercial customers in the ADS franchise service area in order for customers in the ADS service area to receive a higher level of service (**Attachment D**). The current EDDS service area will become Area A and the ADS service area will become Area B of the EDDS Franchise Agreement.

Reason for Recommendation

Benefits of Consolidation and Termination of the ADS Franchise Agreement

Benefits of the proposed franchise consolidation include:

- ❖ ADS customers will benefit from all EDDS services with the exception of bi-weekly curbside green waste collection. Additional benefits include:
 - Customers will have a choice of contractor provided cart sizes of 35, 64, or 96-gallons for solid waste; and 64 or 96-gallon for recyclables.
 - Customers in "Group Areas" will have the option of a 35 gallon recycling cart upon request.
 - Annual vouchers for free curbside pick-up of bulky waste, paint, fluorescent tubes or bulbs, electronic waste, and green waste.
 - Annual vouchers for free disposal of up to two and one-half (2.5) cubic yards of solid waste and green waste (one each) at the Material Recovery Facility (MRF).

- Curbside unlimited green waste pick-up to be scheduled during peak green waste seasons in both Spring and Fall.
- Free curbside collection of used motor oil and filters throughout the year.
- Free curbside collection of used household batteries throughout the year.
- Business and multi-family residential (if constructed) waste audits to identify opportunities to increase recycling.
- Expanded and enhanced recycling programs at businesses and schools.
- EDDS will conduct public outreach to encourage home composting of green waste in the ADS franchise area.
- One (1) annual community cleanup event in the ADS service area.
- ❖ All of the aforementioned benefits are aligned with the strategies contained within the County's Solid Waste Management Plan (SWMP) adopted by the Board on January 31, 2012 (Item No. 11), and will help to achieve the County's seventy-five percent (75%) diversion goal (diversion of solid waste from landfills by reuse and recycling of materials) by the year 2020.
- ❖ Recycling Coordinator - In order to effectively implement the solid waste diversion strategies included in the EDDS Agreement and achieve the County's diversion goals, ADS will also benefit from EDDS' full time Recycling Coordinator whose time is dedicated to assisting and implementing recycling and solid waste diversion strategies for residents and businesses throughout the service area.
- ❖ Increased economies of scale for operations and for administration, including consolidation of accounting and annual reporting, and elimination of ADS specific financial audit thereby providing significant savings to the relatively small ADS customer base.
- ❖ Operationally more efficient by having trucks in neighboring service areas that can assist when necessary, thereby cutting down on potential down time and disruption of service in the event of a break-down.
- ❖ The County also will benefit from a single consolidated agreement and will realize efficiencies through a streamlined process (e.g., single rate application, Board preparation and presentation) as opposed to two separate agreements and associated items.

Consolidation of the ADS franchise service area into the EDDS Franchise Agreement negates the need to maintain a separate and distinct ADS Franchise Agreement. If the Board approves the consolidation, the ADS Franchise Agreement would become null and void upon the Board's adoption of Resolution 144-2015. The terms and conditions of the current EDDS Franchise Agreement would be applicable and enforceable with respect to the ADS franchise area, Area B. The ADS franchise area will assume the contract Term of the EDDS Franchise Agreement, which is five (5) years with an automatic ten (10) year extension upon completion of construction of a new MRF by 2019, resulting in contract expiration in the year 2029.

Staff has not identified any negative impacts regarding the proposed franchise consolidation. Therefore, staff recommends approval of the consolidation of the ADS franchise area into the EDDS Franchise Agreement, the First Amendment to the EDDS Franchise Agreement, and termination of the existing ADS Franchise Agreement.

Rate Adjustment and Schedule

Staff negotiated base year rates based upon the additional services that will be provided to residential customers with the consolidation of the ADS franchise service area into EDDS Franchise Agreement and based on comparable rates throughout the County of El Dorado (County). A table of

residential collection rates for the ADS and EDDS franchise areas has been provided for comparison purposes (**Attachment E**).

By consolidation of the ADS franchise area into the EDDS Franchise Agreement, rates will be adjusted in the future in accordance with the Board approved Rate Setting Policies and Procedures Manual. EDDS rates for the ADS franchise Area B will be adjusted in interim years by the established formula of 85% of the Garbage and Trash Price Index and allowable pass through increases in disposal costs. The next base year rate setting will not take place until 2018.

The hearing to adopt the proposed collection rate adjustments has been duly noticed in accordance with Section 66016 of the California Government Code (**Attachment F**). Staff recommends the Board adopt the proposed rate adjustments and schedule, effective October 1, 2015, for residential and commercial customers in the ADS service area (Area B).

DISCUSSION / BACKGROUND

On May 8, 2012 (Item No. 11), the Environmental Management Department, now a Division of the Community Development Agency (EMD), brought forth an agenda item requesting the Board consider whether the County of El Dorado (County) should enter into the competitive bid process for the collection and disposal of municipal solid waste and recyclable materials generated by residential, commercial, and industrial customers within all Franchise Areas in the County, with the exception of South Lake Tahoe (the Board previously approved a new agreement with South Tahoe Refuse on May 1, 2012 (Item No. 11), or enter into negotiations with the current Franchisees: ADS, EDDS, Sierra Disposal Service (SDS), American River Disposal Service, and Tahoe Truckee Sierra Disposal. The purpose of the negotiations was to generate new Solid Waste Service (Franchise) Agreements that incorporate new standardized solid waste rate setting policies and procedures, and the El Dorado County Solid Waste Management Plan (SWMP). The Board provided direction to staff to engage in good faith negotiations with the existing Franchisees, and directed staff to return to the Board with proposed new Franchise Agreements for discussion and consideration. New Franchise Agreements for EDDS and SDS were subsequently approved by the Board on October 21, 2014 (Item No. 32) and December 2, 2014 (Item No. 28) respectively.

On June 12, 2012 (Item No. 6), the Board approved the First Amendment to the Agreement between the County and ADS to provide adequate time for the County and ADS to negotiate the terms of a new Agreement. The First Amendment made changes to several sections of the Agreement including Section 9 - Term, extending the Agreement for two and one-half years (2-1/2 years), commencing on July 1, 2012, thereby resulting in a termination date of December 31, 2014, and allowing for additional term extensions upon mutual consent of the County and ADS.

As directed by the Board, EMD initiated negotiations with ADS. EMD drafted a completely new Franchise Agreement as a starting point, incorporating a draft Solid Waste Rate Setting Policies and Procedures Manual. EMD provided these documents to ADS which established the framework for negotiation discussions. EMD and ADS met to negotiate a new Franchise Agreement, but were not able to conclude negotiations by the end of the year.

On December 2, 2014 (Item No. 42), the Board approved the Second Amendment to the ADS Agreement. In accordance with the First Amendment to the ADS Agreement, a letter requesting a one (1) year extension was received from ADS on October 24, 2014. The Second Amendment provided for a one (1) year term extension through December 31, 2015 and amended Section 25 (H), Notices,

to update the list of the current parties involved in the Agreement. All other terms and conditions of the existing ADS Franchise Agreement dated June 25, 2002, and the First Amendment dated June 12, 2012 remained unchanged. There was no rate increase associated with the Amendment.

During the process of negotiating a new franchise agreement, ADS suggested that the County consider consolidation of the ADS Franchise Agreement with the EDDS Franchise Agreement. The County requested that ADS provide a written proposal to the County for evaluation and Board consideration. On February 25, 2015, EMD received correspondence from ADS proposing franchise service area consolidation with EDDS's Franchise Agreement.

On June 16, 2015 (Item No. 38) the Board conceptually approved the consolidation of the ADS Franchise Agreement into the EDDS Franchise Agreement, and directed EMD staff to return to the Board with the proposed EDDS Amendment and rate structure for the ADS franchise area.

Waste Connections, Inc. Companies

The County has two (2) Solid Waste Franchise Agreements with Waste Connections, Inc.: (1) El Dorado Disposal Service; and (2) Amador Disposal Service. Each company has its own separate and distinct Franchise Agreement with the County. The ADS Franchise Agreement generally encompasses the south-central portion of the County on the West Slope and includes the communities of Somerset, Mount Aukum, Grizzly Flat and Outingdale. The EDDS franchise generally encompasses the central portion of the West Slope of the County along the Highway 50 corridor, from just east of Pollock Pines to the western boundary of the County, and includes the communities Pollock Pines, Camino, Diamond Springs, Shingle Springs, Rescue and Latrobe. The EDDS franchise does not include the City of Placerville or the Cameron Park and El Dorado Hills Community Service Districts as these areas have entered into their own Franchise Agreements with EDDS.

Amador Disposal Service

Residential and commercial refuse collected by ADS is transported to the Waste Connections, Inc. (dba El Dorado Disposal Service) MRF located in Diamond Springs. The franchise area presently assigned to ADS is relatively small in terms of the customer base. There are roughly eighteen hundred and fifty (1,850) residential and seventy-five (75) commercial customers who are serviced by Waste Connections, Inc. (dba Amador Disposal Service) trucks and personnel.

ALTERNATIVES

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

CAO recommending the Board move staff's recommendations.

FINANCIAL IMPACT

The County Franchise Fee will remain at 5%; however, as service rates are incrementally increased the County will see a slight increase in Franchise Fee revenue.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Obtain the Board Chair's signature on the Resolution authorizing the approval of consolidation of the ADS franchise service area into the EDDS Franchise Agreement, and forward a copy to EMD; and
- 2) Obtain the Board Chair's signature on two originals of the First Amendment to the El Dorado Disposal Service Franchise Agreement, and forward one original to EMD for distribution;
- 3) Obtain Board Chair's signature on the Resolution authorizing the proposed rate schedule for the ADS service area (Franchise Area B) of First Amendment to EDDS's Franchise Agreement, and forward a copy to EMD.

STRATEGIC PLAN COMPONENT

N/A

CONTACT

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