



Legislation Details (With Text)

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File created: 11/21/2018 **In control:** Board of Supervisors

On agenda: 12/11/2018 **Final action:** 12/11/2018

Title: HEARING - Community Development Services, Environmental Management Department, recommending the Board consider the following regarding the solid waste collection rates for South Tahoe Refuse Co., Inc., Areas A and B:
1) Based on the analysis completed by Crowe LLP, find that a 3.11% 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 247-2018 authorizing an increase to the solid waste collection rates for South Tahoe Refuse Co., Inc., Areas A and B, by 3.11% for the 2019 interim year, and by the remaining 3.08% that was deferred from the 2018 base year rate increase to the 2019 interim year, for a total rate increase of 6.19%, to be effective January 1, 2019. (Est. Time: 15 Min.)

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

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Approved Contract Routing Sheet, 2. B - Resolution Authorizing Rate Increase for Areas A and B, 3. C - South Tahoe Refuse 2019 Interim Year Rate Application, 4. D - 2019 Interim Year Rate Analysis, 5. E - EMD Public Notice for Area A, 6. F - EMD Public Notice for Area B, 7. G - South Tahoe Refuse Public Notices for Areas A and B, 8. Public Comment Rcvd 12-11-18 BOS 12-11-18, 9. Public Comment Rcvd 12-7-18 BOS 12-11-18, 10. Executed Resolution 247-2018

Date	Ver.	Action By	Action	Result
12/11/2018	1	Board of Supervisors	Approved	Pass

HEARING - Community Development Services, Environmental Management Department, recommending the Board consider the following regarding the solid waste collection rates for South Tahoe Refuse Co., Inc., Areas A and B:
1) Based on the analysis completed by Crowe LLP, find that a 3.11% 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 **247-2018** authorizing an increase to the solid waste collection rates for South Tahoe Refuse Co., Inc., Areas A and B, by 3.11% for the 2019 interim year, and by the remaining 3.08% that was deferred from the 2018 base year rate increase to the 2019 interim year, for a total rate increase of 6.19%, to be effective January 1, 2019. (Est. Time: 15 Min.)

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

DISCUSSION / BACKGROUND

On August 29, 2018, South Tahoe Refuse submitted an Interim Year Rate Application (Application) (Attachment C) to the South Lake Tahoe Basin Waste Management Authority staff for rate year 2019.

The South Lake Tahoe Basin Waste Management Authority, a Joint Powers Authority (JPA), is comprised of the City of South Lake Tahoe, California; Douglas County, Nevada; and El Dorado County, California (Member Agencies). The JPA is responsible for overseeing regional cooperation regarding solid waste and coordinating solid waste program planning and reporting to the Member Agencies. South Tahoe Refuse is the franchise hauler for the three jurisdictions. JPA rate setting is guided by the JPA's March 2012 Solid Waste Rate Setting Policies and Procedures Manual (Rate Manual). The Rate Manual was developed by NewPoint Group (now Crowe LLP) for the JPA, with the intent of establishing a consistent process and application for all Member Agencies to use in their respective solid waste franchise agreements.

On May 1, 2012 (Item 11, File No. 12-0494), the Board adopted Resolution 043-2012, authorizing a new Solid Waste Services Agreement (Franchise Agreement) with South Tahoe Refuse. The new Franchise Agreement incorporated the JPA approved March 2012 Rate Manual. The Rate Manual provides specific requirements for the setting of collection rates during "Base" years (every third year of the 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 Garbage and Trash Collection Consumer Price Index for the past 12 months (June to June) and compensation for any increase in landfill disposal costs. The franchise hauler is not obligated to request an increase in interim years. The year 2018 was the last base year rate increase for South Tahoe Refuse rate setting.

On December 2, 2014 (Item 29, File No. 12-0494), the Board adopted Resolution 227-2014, which authorized the consolidation of the American River Disposal Franchise Agreement (now known as Area B) into the South Tahoe Refuse Franchise Agreement (now known as Area A), amending the Franchise Agreement. On December 2, 2014 (Item 29, File No. 12-0494), the Board also adopted Resolution 228-2014, which authorized a rate increase of 4% for Area B, that became effective January 1, 2015, and with a series of two additional 4% increases in Area B, to become effective January 1, 2016, and January 1, 2017, after which, Area B rate adjustments would be governed by the South Tahoe Refuse Rate Manual incorporated in the Franchise Agreement. The Board authorized the two additional 4% rate increases on December 15, 2015 (Item 33, File No. File 12-0494), Resolution 209-2015, and December 13, 2016 (Item 28, File No. 12-0494), Resolution 203-2016, respectively.

Rate increases for South Tahoe Refuse, Area A, are subject to the South Tahoe Refuse Rate Manual. On December 2, 2014 (Item 30, File No. 12-1460), the Board adopted Resolution 209-2014 which authorized a rate increase, for Area A, of 2.66% that became effective January 1, 2015. On December 13, 2016 (Item 29, File 12-1460, the Board adopted Resolution 204-2016 which authorized a rate increase, for Area A, of 1.62% that became effective January 1, 2017. South Tahoe Refuse did not request an interim year rate adjustment for 2016.

Rates for 2018 were calculated for both Areas A and B using the South Tahoe Refuse Rate Manual and applying the base year rate setting process. On December 12, 2017 (Item 30, File No. 12-1460, the Board adopted Resolution 189-2017 authorizing a rate increase of 9.34%; however, in order to reduce impacts to rate payers, the Board also adopted Resolution 190-2017, which applied 6.26% of the total rate increase to the 2018 base year and became effective January 1, 2018, with 3.08% of the base year rate increase to be deferred and applied to the 2019 interim year in addition to any applicable 2019 interim year rate adjustment.

On September 14, 2018, the JPA approved Member Agency staff's request to have Crowe LLP evaluate South Tahoe Refuse's Application for Areas A and B. On October 29, 2018, Crowe LLP completed their review of the South Tahoe Refuse's 2019 interim year Application and provided the recommended final interim year 2019 rate increase (Attachment D) to the Member Agencies. Based upon their review, Crowe LLP is recommending the approval of a 3.11% rate increase for South Tahoe Refuse's franchised area in the unincorporated portion of the County (Areas A and B) for interim year 2019. The deferred portion of the 2018 base year rate increase of 3.08%, in addition to the 2019 interim year rate increase of 3.11%, will result in an overall rate increase of 6.19% for Areas A and B to become effective January 1, 2019.

The JPA met on November 2, 2018, to consider Crowe LLP's recommendation for rate increases in all Member Agency jurisdictions. The JPA approved Crowe LLP's recommendation with the understanding that the recommended rate increase would need to be considered by each separate jurisdictional Board for approval.

In accordance with County Ordinance 8.42.170 and Government Code section 66016, notice of the time, date, place, and purpose of the public hearing to adopt the proposed collection rate adjustments has been duly noticed to affected ratepayers. The County's public notice for Area A is scheduled for publication in the Tahoe Daily Tribune on November 30, 2018 and December 7, 2018 (Attachment E). The County's public notice for Area B is scheduled for publication in the Mountain Democrat on November 30, 2018 and December 7, 2018 (Attachment F). In addition, South Tahoe Refuse noticed every affected customer by postcard on November 21, 2018 (Attachment G).

PRIOR BOARD ACTION

See Discussion/Background above.

ALTERNATIVES

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

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel has approved the proposed Resolution.
South Lake Tahoe Basin Waste Management Authority.

CAO RECOMMENDATION

It is recommended that the Board approve this item due to the Board action in December of 2017 and the Crowe LLP report.

FISCAL IMPACT

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 ACTION

1) Clerk of the Board will obtain the Chair's signature on the original copy of the adopted Resolution, and forward a copy of the signed Resolution to Environmental Management, attention Tom Meyer, for distribution.

STRATEGIC PLAN COMPONENT

Healthy Communities, Good Governance

CONTACT

Greg Stanton, REHS, Director

Community Development Services, Environmental Management Department