



Legislation Text

File #: 11-0370, **Version:** 2

HEARING - At the request of South Tahoe Refuse Company, Inc., doing business as Sierra Disposal Service, consider their request to conduct a public hearing for adoption of Resolution **186-2013** increasing the solid waste collection rates by 6.6 percent effective January 1, 2014. (Est. Time: 30 Min.)

Fiscal Impact/Change to Net County Cost

There is no change in Net County Cost.

Background

County of El Dorado entered into a Solid Waste Services Franchise Agreement with South Tahoe Refuse, Inc., dba Sierra Disposal Service (SDS) on August 22, 2000, to provide services for the safe collection, transportation, recycling and disposal of solid waste. According to the Franchise Agreement, Section 19B-Compensation, the "Board of Supervisors shall set the rates to be charged by the 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 addition, Section 19F, Allowed Profit, states "The Grantee shall be entitled to a reasonable profit on its operating costs in the sole discretion of the Board of Supervisors".

On April 12, 2011, Item 23 (Legistar # 11-0370) the Board approved a 5.6% rate increase.

On July 12, 2013, SDS sent a formal letter to the Community Development Agency, Environmental Management Division (EMD) (Attachment 2B) with two options for a rate increase:

Option 1 - A rate increase of 8.22% proposed to be implemented over a two year period, with the first adjustment of 4.11% on November 1, 2013, followed by the remaining deferred adjustment of 4.11% on November 1, 2014; or

Option 2 - Two year projection supported by detailed general ledger account information and schedules used for this type of rate application, which includes projections for the years ending June 30, 2014 and June 30, 2015. The calculated rate increase under this methodology was 12.39%.

On August 8, 2013, the Community Development Agency, Environmental Management Division (EMD), acknowledged the request and advised that additional supporting documentation would be needed. On September 4, 2013, EMD requested supporting documentation from SDS including recycling revenue, insurance costs, pensions payable, repair and maintenance expenses, office and postage expenses, bad debt, licenses and fees, rent, employee roster, overtime records, evidence of tipping fees paid to SDS, and detailed documentation related to the disposal of fixed asset(s) resulting in the reported loss during fiscal year 2013. On September 20, 2013, SDS responded to each of the items listed above, with actual revenue and expenses for the period ending June 2013.

Based upon a comprehensive review, EMD finds a rate increase for SDS of 6.6% to be appropriate.

This finding was supported with a detailed letter and worksheet on November 1, 2013 (Attachment 2C).

SDS responded on November 8, 2013, accepting the recommended 6.6% rate increase, effective January 1, 2014 (Attachment 2D).

EMD has approved the SDS written notification to each ratepayer as described in Section 19 of the Franchise Agreement (Attachment 2E).

The hearing to adopt the proposed collection rate adjustments has been duly noticed in accordance with Section 66016 of the California Government Code (Attachment 2F).

Item for Consideration

EMD finds that a 6.6% rate increase is appropriate, with an implementation date of January 1, 2014.

Action to be taken following Board approval

Forward executed Resolution to EMD for implementation.

Contact

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Community Development Agency