



Legislation Text

File #: 18-0824, Version: 1

HEARING - Community Development Services, Environmental Management Department, recommending the Board consider the following regarding the solid waste collection rates for Tahoe Truckee Disposal Co., Inc., doing business as Tahoe Truckee Sierra Disposal:

- 1) Find, based on the analysis completed by Crowe Horwath, Inc., that a 1.92% increase to the existing residential and commercial collection rates be in accordance with the base 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 **117-2018** authorizing an increase to the solid waste collection rates for Tahoe Truckee Sierra Disposal franchise area of 1.92%, to be effective July 1, 2018. (Est. Time: 10 Min.)

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

DEPARTMENT RECOMMENDATION

Community Development Services, Environmental Management Department (Environmental Management), recommending the Board consider the following regarding the solid waste collection rates for the Tahoe Truckee Disposal Co., Inc., doing business as Tahoe Truckee Sierra Disposal (Tahoe Truckee Sierra Disposal), franchise area:

- 1) Find, based on the analysis completed by Crowe Horwath, Inc. (Crowe Horwath), that a 1.92% increase to the existing residential and commercial collection rates be in accordance with the base 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 **117-2018** authorizing an increase to the solid waste collection rates for Tahoe Truckee Sierra Disposal franchise area of 1.92%, to be effective July 1, 2018.

DISCUSSION / BACKGROUND

On October 27, 2015 (Item 26), the Board adopted Resolution No. 161-2015 authorizing a new Solid Waste Services Agreement (Agreement) with Tahoe Truckee Sierra Disposal for the collection of solid waste throughout the franchise area. The new Agreement incorporated a Solid Waste Rate Setting Policies and Procedures Manual (Rate Manual) developed by NewPoint Group (now Crowe Horwath).

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 change in U.S. City Average - Garbage and Trash Collection Consumer Price Index (CPI) of the previous 12 months (December to December). The franchise hauler is not obligated to request an increase in interim years. The new Agreement incorporated the residential and commercial solid waste collection rates, as base year rates, adopted by the Board on June 23, 2015 (Item 49), Resolution No. 098-2015, and became effective July 1, 2015. Interim year rate increases were previously approved by the Board on

June 7, 2016 (Item 37, 1.75%) and on May 23, 2017 (Item 25, 1.51%).

On November 29, 2017, Tahoe Truckee Sierra Disposal submitted a Base Year Rate Application (Rate Application) to Environmental Management, for collection services for rate year 2018 (Attachment C). Environmental Management is responsible for overseeing the franchise agreements for solid waste management and rate setting is guided by the Rate Manual.

In February 2018, Environmental Management requested that Crowe Horwath, the County's solid waste consultant, perform a review of the Tahoe Truckee Sierra Disposal's Rate Application and supporting information. The Rate application included audited financial statements for the year ending December 31, 2016, and internally prepared estimated financial information and operational data for years 2017 (estimated) and 2018 (projected).

The review and evaluation of the Rate Application included, but was not limited to:

- 1) Affirming that the Rate Application is mathematically accurate and true;
- 2) Affirming that the Rate Application complied with the terms and conditions of the Rate Manual;
- 3) Affirming that the Rate Application reconciled to Tahoe Truckee Sierra Disposal's financial statements;
- 4) Reviewing Tahoe Truckee Sierra Disposal's financial information, operational data, and projections for reasonableness;
- 5) Assessing supporting data, worksheets, and documentation;
- 6) Reviewing historical actual, estimated, and projected revenues and expenses;
- 7) Reviewing cost allocation; and
- 8) Confirming the use of the allowed operating ratio, franchise fee calculation, revenue requirement, and rate adjustment.

Crowe Horwath completed the analysis of the Rate Application and provided the final Base Year 2018 Rate Analysis (Rate Analysis) to Environmental Management (Attachment E). Based upon the analysis conducted, Crowe Horwath is recommending the approval of a 1.92% residential and commercial rate increase for Tahoe Truckee Sierra Disposal's franchised area.

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 solid waste collection rate adjustments has been duly noticed to affected rate payers. At the request of Environmental Management, a public hearing notice for the franchise area was published in the Tahoe Daily Tribune newspaper on May 25, 2018 and June 1, 2018 (Attachment E). In addition, Tahoe Truckee Sierra Disposal noticed every affected customer by postcard.

ALTERNATIVES

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

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

It is recommended that the Board approve the recommendation from Crowe Horwath in accordance with the Solid Waste Rate Setting Policies and Procedures Manual.

FISCAL IMPACT

The increase in rates charged by Tahoe Truckee Sierra Disposal is directly related to the cost to provide this service to customers. 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 adopted Resolution.
- 2) Clerk of the Board will forward a copy of the executed Resolution to Environmental Management.

STRATEGIC PLAN COMPONENT

Healthy Communities
Good Governance

CONTACT

Greg Stanton, REHS, Director
Community Development Services, Environmental Management Department