



Legislation Text

File #: 20-0706, **Version:** 1

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

- 1) Based on the analysis completed by staff, find that a 1.0% 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 **102-2020** adjusting the solid waste collection rates for the Tahoe Truckee Sierra Disposal Co. area by 1.0% for the 2020 interim year to become effective July 1, 2020.

FUNDING: User Fees/Franchise Fees

DISCUSSION / BACKGROUND

On October 27, 2015 (Item No. 26, File No. 15-0903), the Board adopted Resolution No. 161-2015 authorizing a new Solid Waste Services Agreement (Franchise Agreement) with Tahoe Truckee Sierra Disposal Co. (Tahoe Truckee Sierra Disposal) for the collection of solid waste throughout the franchise area. The new Franchise Agreement incorporated a Solid Waste Rate Setting Policies and Procedures Manual (Rate Manual) developed by NewPoint Group (now Crowe LLP).

The Rate Manual provides specific requirements for the setting of collection rates during “Base” years (every third year of the Franchise Agreement and “Interim” years (years falling between the base years). Base year rate adjustments require an in-depth financial analysis to determine if rates require 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 the 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 Franchise Agreement incorporated the residential and commercial solid waste collection rates, as base years, adopted by the Board on June 23, 2015 (Item No. 49, File No. 13-0572), 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 No. 37, File No. 15-0903, 1.75%) and on May 23, 2017 (Item No. 25, File No. 15-0903, 1.51%). On June 12, 2018 (Item No. 29, File No 18-0824), the Board approved a base year rate increase of 1.92%. The last interim year rate increase of 6.0% was approved by the Board on June 25, 2019 (Item No. 41, File No. 19-0918).

On March 9, 2020, Tahoe Truckee Sierra Disposal submitted an Interim Year Rate Application (Rate Application) to the Environmental Management Department (Environmental Management) for collection services for rate year 2020 requesting a 1.0% rate increase for residential and commercial solid waste collection rates (Attachment C). The Rate Manual requires Environmental Management to review the application, verify the CPI calculation, and prepare a staff report with recommendations of new rates for the Board’s consideration (Attachment D). The staff report includes two (2) attachments: 1) the Rate Application; and 2) a sample of the revised rate schedule.

Attachments D and E include a sample summary of the impact to residential and commercial rates from the CPI rate increase request of 1.0%. A complete rate schedule is included in the proposed Resolution (Attachment B).

In accordance with County Ordinance 8.42.170, 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 ratepayers. At the request of Environmental Management, a public hearing notice for the franchise area was published in the Tahoe Daily Tribune newspaper on June 12, 2020 and June 19, 2020 (Attachment E). In addition, Tahoe Truckee Sierra Disposal has provided notice to customers by postcard.

ALTERNATIVES

Denial of the requested 1.0% 2020 interim year rate increase would violate the terms of the Board approved Franchise Agreement and Rate Manual incorporated therein.

PRIOR BOARD ACTION

See Discussion/Background above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel has approved the proposed Resolution.

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

The 2020 interim year rate increase proposed by Tahoe Truckee Sierra Disposal is directly related to the cost to provide solid waste collection services to its 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 ACTIONS

- 1) Clerk of the Board will obtain the Chair's signature on one (1) original copy of the adopted Resolution; and
- 2) Clerk of the Board will forward one (1) copy of the executed Resolution to Environmental Management for further processing.

STRATEGIC PLAN COMPONENT

Healthy Communities, Good Governance

CONTACT

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