



## Legislation Text

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**File #:** 23-1953, **Version:** 1

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Environmental Management Department recommending the Board:

- 1) Adopt and authorize the Chair to sign Resolution **194-2023** authorizing a new Franchise Agreement between El Dorado County and South Tahoe Refuse Co, Inc; and
- 2) Approve and authorize the Chair to sign the Franchise Agreement with South Tahoe Refuse Co, Inc. effective January 1, 2024 and expiring December 31, 2043.

**FUNDING:** User Fees/Franchise Fees.

### **DISCUSSION / BACKGROUND**

Assembly Bill 939, known as the "California Integrated Waste Management Act of 1989", mandates that every city and county in California divert from landfills at least 25% of their municipal solid waste stream by 1995 and 50% by the year 2000, or be potentially liable for \$10,000/day for failing to comply. In 1990, the diversion in South Lake Tahoe was approximately 7%. In 1994, the South Lake Tahoe Basin Waste Management Authority (Authority) was formed to oversee regional cooperation regarding solid waste. The Authority members are El Dorado County, the City of South Lake Tahoe, and Douglas County, Nevada. The Authority oversaw the financing and construction of the first local Materials Recovery Facility (MRF) on property owned by South Tahoe Refuse Co., Inc. (STR), which opened on March 1, 1995. The existing MRF has increased the diversion rate in the South Tahoe Basin from 7% to 38% in the year 2006. Over the past few years, the recycling rates have remained in the 40% range, due mainly to time, space and permit limitations.

The original Franchise Agreement between the County of El Dorado and South Tahoe Refuse was established on February 13, 1995. Consistent with provisions of County Ordinance Code § 8.42.120 and § 8.42.130, the County entered into a franchise agreement with South Tahoe Refuse Co., Inc. (South Tahoe Refuse) to provide mandatory refuse and garbage collection services within the unincorporated area of the Lake Tahoe Basin, with the exception of a small area serviced by another franchisee. The original franchise agreement contained two five-year options which allowed STR to continue serving El Dorado County until December 31, 2014.

On April 10, 2007 the Board ( Legistar Item #07-251) adopted Resolution 050-2007 and approved a new Agreement that extended the Franchise Agreement between El Dorado County and South Tahoe Refuse an additional 14 years to the agreement extending it to December 31, 2028.

On December 30, 2009, South Tahoe Refuse requested to negotiate a franchise extension in a new Solid Waste Services Agreement. Environmental Management Department took this request to the Board on April 6, 2010 (Legistar Item #10-0287), receiving Board approval to establish and incorporate a rate-setting methodology into a new Agreement. Environmental Management Department provided the Board an update on May 24, 2011 (Legistar Item #11-0544), introducing and seeking approval of a draft Solid Waste Rate Setting Policies and Procedures Manual to be incorporated into a new Agreement and the Board approved. Environmental Management Department, the South Lake Tahoe Waste Management Authority staff and South Tahoe Refuse staff then began negotiating and drafting the Franchise Agreement.

On May 1, 2012, the Board adopted Resolution 043-2012 which authorized a Solid Waste Services Agreement with South Tahoe Refuse and approved (Legistar Item #12-0494) a new, updated Agreement with South Tahoe Refuse with an effective date of May 1, 2012 and expiring December 31, 2023. This Agreement was amended by the Board adoption of County Council Resolution No. 227-2014 on December 14, 2014. The existing Agreement contained an option to extend the Agreement until December 31, 2028, however, with the implementation of SB 1383 as well as many other changes in State Law, it was necessary to negotiate and draft a new Agreement.

Environmental Management Department and South Tahoe Refuse negotiated a new Franchise Agreement with a term beginning January 1, 2024 and expiring December 31, 2043, with five optional extensions of one-year terms, without amendment.

South Tahoe Refuse Co, Inc. requested a 20-year term to be able to amortize the capital expenses South Tahoe Refuse Co, Inc. will incur to implement the 3-Cart residential collection system required to implement SB 1383, and Environmental Management recommends entry into the new franchise agreement with such a term based on South Tahoe Refuse Co, Inc's prior satisfactory service, and to ensure successful implementation of SB 1383 and compliance with California State Law.

## **ALTERNATIVES**

The Board may choose not to approve the Franchise Agreement between the County of El Dorado and South Tahoe Refuse Co, Inc. The area serviced by South Tahoe Refuse will not receive mandatory services until a new servicer is designated or a new Contract is negotiated. The County would be in violation of SB 1383 requirements as well as local Ordinances.

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel

## **CAO RECOMMENDATION**

Approve as recommended.

## **FINANCIAL IMPACT**

The County 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 the one (1) original copy of the Resolution **194-2023**, and forward one (1) copy of the signed Resolution to Environmental Management for further processing.
- 2) Clerk of the Board will obtain the Chair's signature on the two (2) original copies of the Franchise Agreement between the County and South Tahoe Refuse Co, Inc and forward one (1) original signed copy to Environmental Management for further processing.

## **STRATEGIC PLAN COMPONENT**

N/A

## **CONTACT**

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Environmental Management Department