



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works and Parks



Date: December 3, 2012

Board Meeting Date: January 8, 2013

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works and Parks

Subject: **Executive Summary:** Set Hearing for Garbage and Recyclables Collection Rates in County Service Area. No. 8 (North Fair Oaks)

RECOMMENDATION:

Acting as the Governing Board of the County Service Area No. 8 (North Fair Oaks) adopt a Resolution setting February 26, 2013 at 9:00 a.m. at your regularly scheduled Board meeting, as the time and place for a public hearing on the garbage and recyclables collection rates for County Service Area No. 8 (North Fair Oaks).

BACKGROUND:

On October 20, 2009, your Board adopted Resolution No. 070423 which approved a franchise agreement with Recology San Mateo County (RSMC) to provide services for the collection of recyclable materials, organic materials, and solid waste from January 1, 2011 through December 31, 2020. These services began on January 1, 2011 and have been provided to County Service Area No. 8 (CSA-8) and the unincorporated franchised area within the South Bayside Waste Management Authority (SBWMA) service area (Burlingame to Menlo Park), exclusive of West Bay Sanitation District (County franchised area).

On February 15, 2011, your Board adopted Resolution No. 071268, adopting the garbage and recyclables collection rates for CSA-8 effective March 1, 2011 and your Board has approved charges based on the adopted rates for FYs 2011-12 and 2012-13.

DISCUSSION:

The transition to RSMC collection services has resulted in significantly expanded collection of recyclable and organic materials and increased diversion of waste from landfills. The increase in diversion of solid waste helps to achieve diversion goals for CSA-8 and the County franchised area.

The RSMC franchise agreement allows for specific adjustments in RSMC's compensation during the first three rate years to support providing services to the rate payers. To make adjustments for the 2013 rate year, RSMC is required to submit a contractor's compensation application based on actual services provided in 2012, along with projected costs for providing service in the 2013 rate year to the SBWMA.

The SBWMA compiled data from the RSMC compensation application, data from South Bay Recycling (Shoreway Environmental Center operator), and information regarding member agency fees and other associated costs into a consolidated rate report (SBWMA 2013 Rate Report). The rate increases or decreases recommended in the SBWMA 2013 Rate Report represent rate adjustments for each member agency that the SBWMA believed would meet the revenue requirements to provide garbage and recyclables collection services.

The proposed rates for CSA-8 would be effective January 1, 2013 and represent a 2.6% rate increase for customers with commercial bin or box services and a 6.1% rate increase for customers receiving cart services, which are primarily residential customers.

The SBWMA Rate Report noted that rate increases were primarily due to the following: a 2012 estimated base revenue reconciliation shortfall, performance incentive/disincentive payments (and Liquidated Damages) for 2011 for meeting or exceeding diversion goals, service level adjustments, reallocation of costs for agency facility services (i.e. public cans, venues and events), adjustments in disposal and processing costs at the Shoreway Facility, Consumer Price Index adjustments for the curbside Household Hazardous Waste collection program, adjustments to the franchise fees based upon the revenue projections, and adjustments to the revenue projections for the 2011 rate year based upon actual revenue received.

Based upon the Department's analysis, the most significant factors contributing to the proposed rate increase are the reallocation of costs associated with agency facility accounts and customer accounts in surrounding jurisdictions incorrectly attributed to CSA-8. These two factors increased costs and decreased revenue in CSA-8.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this action will contribute to the Shared Vision 2025 outcome of a Collaborative Community by engaging residents in the adoption of garbage and recyclables collection rates.

FISCAL IMPACT:

There is no impact to the General Fund. The proposed rates reflect a 6.1% rate increase over the current rates for residential dwellings and commercial parcels utilizing cart services, and a 2.6% increase for parcels that subscribe to commercial bin or box services. Staff estimates that it will cost approximately \$3,220 (\$1 per rate payer) to prepare, print and mail individual notices to each property owner in CSA-8. The costs for the CSA-8 notices will be reimbursed from the franchise fees.