



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: July 11, 2016
Board Meeting Date: August 9, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: Amendment Number Three to the agreement with Allied Waste Services for the operation of the Pescadero Transfer Station

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with BFI Waste Systems of North America, LLC, dba Allied Waste Services of San Mateo County, for the operation of the Pescadero Solid Waste Transfer Station, extending the term through August 14, 2017.

BACKGROUND:

You Board adopted Resolution No. 069636 on August 12, 2008, which approved an agreement with Allied Waste Services for operation of the Pescadero Solid Waste Transfer Station (PTS) from August 15, 2008, through August 14, 2015.

On June 16, 2015, your Board adopted Resolution No. 073887, which approved an amendment to the agreement with Allied Waste Services for the operation of the Pescadero Transfer Station, extending the term for one year through August 14, 2016 and adjusting the Contractor compensation consistent with the agreement.

On January 26, 2016, your Board adopted Resolution No. 074302 which approved increases for the PTS gate rates, effective February 1, 2016.

The PTS provides convenient solid waste disposal and recycling drop off services to the south coast area of San Mateo County. The County opened the PTS when the Pescadero Landfill was closed in 1986. The PTS has been operated through contract services since it was opened. The current operator, BFI Waste Systems of North America, LLC, dba Allied Waste Services of San Mateo County (AWS), was selected through a request for proposals selection process in 2008. The agreement with AWS was for a seven-year term from August 15, 2008 through August 14, 2015 and was extended for one year through an amendment. The services provided by AWS have

complied with the Agreement and included additional opportunities for increased diversion of solid waste.

DISCUSSION:

The annual operating costs for the PTS amounted to \$260,331 in FY 2014-15. Revenue from gate rates in FY 2014-15 amounted to \$87,014 and required a \$173,317 subsidy from the remaining Solid Waste Fund to provide the services. In FY 2014-15, the County received a settlement payment, from AWS, of \$51,350, which was used to offset operating costs; however, the payment expired on July 1, 2015. Although the PTS gate rates were increased effective February 1, 2016, the gate rates do not cover all of the operating costs. Staff continues to believe it is unrealistic to increase gate rates to support all operating costs for PTS, as such a significant increase will likely lead to an increase of illegal dumping near the site. Instead, staff will continue to incrementally adjust the gate rates to improve cost recovery, but not encourage illegal dumping. The County is in the process of performing a comprehensive evaluation and feasibility study for recycling and disposal options for south coastal residents and businesses. The study may provide operational alternatives that could reduce the subsidy.

To allow for continued operation of the PTS and sufficient time to finish the study, the Department is recommending that the agreement with AWS for operation of the PTS be extended for one year through August 14, 2017. The amendment also modifies the charge to the County for recycling mattresses. AWS is currently participating in the Mattress Recycling Council program and AWS will receive reimbursement for collection, transfer, and processing of these materials.

The Contracts Compliance Committee previously approved a three-year waiver to extend the agreement term.

County Counsel has reviewed and approved the resolution and amendment as to form.

Approval of this action contributes to the Shared Vision 2025 outcome of an Environmentally Conscious Community by continuing to provide solid waste disposal and recycling opportunities to the south coast residents, businesses, and agricultural communities.

FISCAL IMPACT:

The amendment extends the term of this agreement for one year, from August 15, 2016 through August 14, 2017. The PTS will continue to rely on a subsidy of \$173,317, which has been funded through the County's remaining Solid Waste Fund balance. The Department intends to review rates in the second quarter of FY 2016-17 to see if additional gate rate increases will be needed. Any recommended increased gate rates will be at a future Board meeting and after the proposed increases have been presented to the community.

There is no impact on the County's General Fund.