



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



Date: November 2, 2012
Board Meeting Date: December 11, 2012
Special Notice/Hearing: Complied Required
Notification
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Executive Summary: Adoption of Garbage and Recyclables
Collection Rates in the Unincorporated Franchised Areas within the
South Bayside Waste Management Authority

RECOMMENDATION:

Adopt a Resolution adopting the garbage and recyclables collection rates for the unincorporated franchised areas within the South Bayside Waste Management Authority service area, exclusive of County Service Area No. 8 (North Fair Oaks) and West Bay Sanitary District.

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 have been provided to County unincorporated franchised area within the South Bayside Waste Management Authority (SBWMA) service area. The County Franchised Area (CFA) is comprised of the following communities: Burlingame Hills, San Mateo Highlands and Baywood Park [Crystal Springs area], Harbor Industrial, Devonshire Canyon, Palomar Park, Oak Knoll, Kensington Square, Emerald Lake Hills, Sequoia Tract, Peninsula Golf Club, and Trailer Ranchero. These areas were not previously covered by a franchise agreement.

On January 24, 2012, your Board adopted Resolution No. 071786, adopting the garbage and recyclables collection rates for the CFA effective January 1, 2012.

On October 23, 2012, your Board adopted Resolution No. 072231, which set 9:00 a.m. on December 11, 2012, in your Chambers, as the time and place for a public hearing regarding the adoption of the proposed garbage and recyclables collection rates for the CFA.

The process to be followed for adopting the garbage and recyclables collection rates includes:

1. Hold a public hearing and receive testimony on the proposed rates.
2. After considering all written and oral objections to the proposed rates, close the public hearing and determine if there is a majority protest to the proposed garbage and recyclables collection rates.

If a majority protest occurs, the Board would be prevented from adopting the rates.

DISCUSSION:

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. The SBWMA compiled data from the RSMC compensation application, data from South Bay Recycling (Shoreway Environmental Center site facility operator), and information regarding member agency fees and other associated costs into a consolidated rate report (SBWMA 2013 Rate Report). The SBWMA 2013 Rate Report recommended an 11.8% rate increase for the CFA. Based on a detailed analysis of the revenue and costs for CFA by the Department and discussions with RSMC, we are recommending a 9.1% rate increase from the previous rates set by your Board. Attachment "A" summarizes the Total Rate Adjustment Percentages included in the SBWMA Rate Report. The 9.1% rate increase is comprised of a 2.5% one-time cost adjustment for 2011 and 2012 and a 6.6% increase in projected costs for collections services in 2013. According to staff analysis without a 9.1% rate increase, the projected revenue shortfall, for CFA would be \$256,567 plus interest. The proposed rate increase for a 32-gallon garbage cart (most often used cart size) would be \$2.79 per month.

The recommended rates continue to reflect a five percent (5%) franchise fee that will be paid to the County from RSMC. The franchise agreement included fees for Unscheduled Services (Attachment Q of the Franchise Agreement) that we are recommending your Board reaffirm through the rate adoption process, attached as Exhibit "B" to the Resolution. The Unscheduled Service fees are not property related fees and, therefore, not subject to the Prop 218 rate setting requirements. The franchise agreement allowed for a Consumer Price Index increase to the Unscheduled Services Fees.

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 continuing to promote regional solutions as a SBWMA member agency while informing and engaging residents in the process to adopt garbage and recyclables collection rates for the County franchised area.

FISCAL IMPACT:

There is no direct impact to the General Fund. The proposed rates reflect an overall increase of 9.1% over the current rates.

Attachment “A”

Total Collection Rate Impact by Member Agency – 2013 (Source: SBWMA Rate Report)							
	2013 Total SBWMA Member Agencies	Town of Atherton	City of Belmont	City of Burlingame	City of East Palo Alto	City of Foster City	Town of Hillsborough
Rate Adjustment Percentage	5.0%	-5.9%	*	-9.7%	25.8%	-5.9%	-15.7%
	City of Menlo Park	CSA 8 (North Fair Oaks)	City of Redwood City	City of San Carlos	City of San Mateo	West Bay Sanitary District	County Franchised Area
Rate Adjustment Percentage	2.3%	-0.9%	-3.9%	12.0%	11.0%	8.7%	11.8%**

* The City of Belmont calculates their rate adjustments independent of the SBWMA Rate Report process.

** The Department is recommending a 9.1% rate increase based on a detailed analysis of County Franchised Area collection service requirements.