



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: May 12, 2015
Board Meeting Date: June 16, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: James C. Porter, Director of Public Works

Subject: Amendment 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, 2016.

BACKGROUND:

Your 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.

Your Board previously approved the PTS gate rates, with the most recent rates effective on November 6, 2012. The PTS gate rate increases have helped decrease the County's Solid Waste Fund annual subsidy to the PTS, but the gate rates are not sufficient to adequately support the cost of operating the PTS.

DISCUSSION:

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 proposal selection process in 2008. The current agreement with AWS is for a term from August 15, 2008 through August 14, 2015 (seven years). The services provided by AWS have complied with the Agreement and included additional opportunities for increased diversion of solid waste.

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The County intends to perform a comprehensive evaluation and feasibility study for recycling and disposal options for the south coast residents and businesses to better determine the future role of the PTS. Annual operating costs for the PTS amounted to \$244,768 in FY 2013-14. Revenue from gate rates in FY 2013-14 amounted to \$80,393, and required a \$164,376 subsidy from the Solid Waste Fund to provide the services. In FY 2013-14, the County received a settlement payment of \$47,400, which was used to offset operating costs; however, the payment expires on July 1, 2015. Staff believes that it is unrealistic to increase the gate rates to fully support the cost to operate the PTS immediately, as such a significant increase will likely lead to increased illegal dumping in the area. Instead, staff will continue to incrementally raise the gate rates to improve cost recovery, but not encourage illegal dumping.

The study may provide operational alternatives that could reduce the subsidy. To allow for continued operation of the PTS and sufficient time for the study, the Department is recommending that the agreement with AWS for operation of the PTS be extended through August 14, 2016. The amendment also modifies the holiday schedule as requested by AWS and sets the Contractor fee schedule effective July 1, 2015 with modifications made consistent with the formulas specified in the agreement.

The Contracts Compliance Committee has approved a three-year waiver to extend the contract 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 14, 2015 through August 14, 2016. Amendment No. Two establishes the Contractor fee schedule effective July 1, 2015, which modifies the compensation based on the Consumer Price Index and Producer Price Index consistent with the agreement. Operation of the PTS will continue to rely on a subsidy, which has been from the Solid Waste Fund. The Department intends to recommend increased gate rates 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.