



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Public Works



Date: December 15, 2015
Board Meeting Date: January 26, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: James C. Porter, Director of Public Works
Subject: Pescadero Transfer Station Gate Fee Increase

RECOMMENDATION:

Adopt a resolution approving the Pescadero Transfer Station gate fee rates, effective February 1, 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.

On October 23, 2012, your Board adopted Resolution No. 072209 which approved an increase in the PTS gate fee rates, effective on November 6, 2012.

On June 16, 2015, your Board adopted Resolution No. 073887 authorizing an amendment to the contract agreement with BFI Waste Systems of North America, LLC, DBA Allied Waste Services of San Mateo County, for the continued operation of the Pescadero Transfer Station extending the term through August 14, 2016.

DISCUSSION:

The PTS provides solid waste disposal and recycling drop off services to the South Coastal 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. An amendment to the contract was approved by your Board to extend the current contract until August 14, 2016. The agreement with AWS allows for an annual adjustment in the Contractor's fee schedule based upon the Consumer Price Index. The County is in the process of releasing a

Request for Proposals to select a consultant to study the South Coastal area in terms of recycling and disposal options for residents and businesses to better determine the future role of the PTS. The study information and recommendations will be presented to your Board at a future date.

The payment to AWS is generated from gate fee revenue and a subsidy from the previous Solid Waste Fund. The annual operating cost for the PTS in FY 2014-15 was \$208,981. Revenue from the gate rates charged to customers amounted to \$87,014. The net cost (subsidy) to operate the site in FY 2014-15 was \$121,967. The County does not subsidize solid waste disposal costs in any other unincorporated areas.

The County subsidy in FY 2015-16 is anticipated to increase due to CPI increase of the Contractor's fee schedule, without a gate rate fee increase. Strategies including reducing the days of operation from five days to three days and incremental increases in the gate rates have been implemented over the past five years to reduce the subsidy. The existing fund that pays for the subsidy for the PTS has no additional sources of revenue and the balance in the previously existing Solid Waste Fund has been transferred into a Trust Fund to maintain and monitor the three currently closed landfills as required by the State. Once the Trust Fund is depleted, another funding source will need to be identified to allow continual operation of the PTS. Although we believe that the Trust Fund will be solvent for several more years, unforeseen issues at any of the closed landfills could deplete the fund sooner.

The proposed rate increases, detailed in Exhibit A of the attached resolution, have been discussed with a subcommittee of the Pescadero Municipal Advisory Council (PMAC). The PMAC subcommittee believes that it is unrealistic to increase the gate fee 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. Staff will continue to incrementally raise the gate fee rates to improve cost recovery, but not encourage illegal dumping. Included in this rate adjustment is a minimal fee for dropping off commingled recycling, which will help offset the fees paid to the Contractor for transporting these materials to a processing facility (see Exhibit A).

County Counsel has reviewed and approved the resolution 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:

There is currently no impact on the County's General Fund. However, an alternate funding source will need to be identified to continue to fund the subsidy at the PTS in the future as the remaining Trust Fund is to be used to maintain and monitor our three closed landfills.