

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Agenda Number:
Prepared on: 4/8/99
Department Name: Public Works
Department No.: 054
Agenda Date: 5/25/99
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Phillip M. Demery, Director
Public Works Department

STAFF Mark Schleich, Deputy Director, ext. 3603
CONTACT: Leslie Wells, Management Specialist, ext. 3611

SUBJECT: Solid Waste Collection Rates for Fiscal Year 1999/2000
All Supervisorial Districts

Recommendation(s):

That the Board of Supervisors:

- A. Set a Public Hearing for June 15, 1999 to consider the proposed fee schedules for Fiscal Year 1999/2000 solid waste collection rates;
- B. Accept the Public Works Department's Notice of Exemption pursuant to the County's California Environmental Quality Act Guidelines;
- C. After the hearing on June 15, 1999, adopt the resolution establishing rates charged by collectors per attachments, effective July 1, 1999.

Alignment with Board Strategic Plan:

The recommendation(S) are primarily aligned with Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit.

Executive Summary and Discussion:

The County's solid waste system is a self-sustaining operation dependent upon solid waste user fees for financing. These fees are collected by the solid waste collection companies from customers for regularly scheduled waste collection services and by disposal facility operators for disposal of solid waste. Your Board sets both the rates that waste collection companies may charge customers in the unincorporated areas of the County and the fees collected at County-operated disposal facilities. This Board Letter addresses the

rates charged by the waste collection companies and the fees charged at County-operated disposal facilities will be discussed in a separate Board Letter.

PROPOSED SOLID WASTE COLLECTION RATES BY ZONE

The following describes the proposed rates for each solid waste collection zone for fiscal year 1999/2000, except for the Lompoc Valley unincorporated area. At the time this Board Letter was written, the solid waste service provider in that area, Pacific Waste Management, was in the process of requesting a change in the assignment of their franchise agreement to USA Waste of California. Unlike any of the other franchises, the franchise agreement with Pacific Waste Management allows the County to review the rates if the franchise agreement is assigned. Therefore, the rates for Lompoc Valley may change if the currently proposed assignment is approved by your Board. Staff is recommending that new rates for this service area be established after the May 11, 1999 Board Hearing and before the new fiscal year.

Solid waste collection rates are comprised of the cost to collect the materials, the disposal and processing cost for handling the material collected, and the County's franchise fee, which is 2% of the total cost. Additionally, this year staff is proposing to eliminate the subsidy the South Coast is currently paying for Orcutt residents for solid waste programs. Therefore, the rates can be affected by the Consumer Price Index (CPI) increase of the collection portion of the rate, any changes in a landfill tipping fee, and the amount of the subsidy provided by one service area to another. The factors that are affected in each service area are discussed below.

A. Summerland, Montecito and Carpinteria Valley (1st Supervisorial District; service provider: MarBorg Industries)

The residential and commercial collection rates for Montecito and Carpinteria Valley will be adjusted only to reflect the changes in the CPI for the collection portion of the rate. The franchise agreement for this area indicates that the collection portion of the rates will be adjusted annually by 100 percent of the CPI for Los Angeles-Riverside. The CPI from March 1998 to February 1999 increased 2%. Because the collection portion of the rate is only part of the overall rate to the ratepayer, the total increase will be less than 2%. Overall, due to the CPI increase and no change in the disposal fee on the South Coast, the proposed residential collection rates will increase 1.5% (approximately \$.41/month) and the commercial rates will increase 1% (approximately \$.95 to \$15.00/month depending on the service level).

B. Goleta – North of Hollister Avenue (2nd and 3rd Supervisorial Districts; service provider: Browning-Ferris Industries)

Similar to the rates discussed above, the residential and commercial collection rates for the Goleta Valley north of Hollister Avenue will be adjusted only for 100% of CPI, which was 2% for the past year, on the collection portion of the rate. Overall, due to the CPI increase and no change in disposal fees on the South Coast, the residential rates will increase 1.5% (approximately \$.37/month) and the commercial rates will increase 1.5% (approximately \$1.38 to \$16.62/month depending on the service level).

C. Mission Canyon, Goleta (South of Hollister Avenue), and Isla Vista (1st, 2nd, and 3rd District Supervisors; service provider: MarBorg Industries)

Similar to the rates discussed above, the residential and commercial collection rates for Mission Canyon, Goleta (South of Hollister Avenue), and Isla Vista will be adjusted only for 100% of CPI, which was 2% for the past year, on the collection portion of the rate. Overall, due to the CPI increase and no change in the disposal fees on the South Coast, the residential rates will increase 1.5% (approximately \$.49/month) and the commercial rates will increase .5% (approximately \$.82 to \$13/month depending on the service level).

D. Hope Ranch (2nd Supervisorial District; service provider: MarBorg Industries)

Similar to the rates discussed above, the residential and commercial collection rates for Hope Ranch will be adjusted only for 100% of CPI, which was 2% for the past year, on the collection portion of the rate. Overall, due to the CPI increase and no change in disposal fees on the South Coast, the residential rates will increase 1.5% (approximately \$.70/month) and the commercial rates will increase .5% (approximately \$.82 to \$13/month depending on the service level).

E. Lompoc Valley (3rd and 4th Supervisorial Districts; service provider: Pacific Waste Management)

The existing solid waste service provider in the Lompoc unincorporated area is currently in the process of requesting a change in the assignment of their franchise agreement to USA Waste of California. Unlike any of the other franchises, the franchise agreement with Pacific Waste Management allows the County to review the rates if the franchise agreement is assigned. Therefore, the rates for Lompoc Valley may change if the currently proposed assignment is approved by your Board. Staff is recommending that new rates for this service area be established after the May 11, 1999 Board Hearing and before the new fiscal year.

F. Santa Ynez Valley (3rd Supervisorial District; service provider: Health Sanitation Services)

The residential and commercial collection rates in Santa Ynez Valley will be adjusted only for 90% of CPI, as indicated in the franchise agreement with this service provider, which equals 1.8% that is applied to only the collection portion of the rate. Overall, due to the CPI increase and no change in the disposal fee in the Santa Ynez Valley, the residential collection rates will increase 1-2% (approximately \$.21/month) and the commercial rates will increase from 1-1.4% (approximately \$1.06 to \$7.50/month depending on the service level).

G. Santa Maria Valley (4th and 5th Supervisorial Districts; service provider: Health Sanitation Services)

Unlike any of the other collection areas, the rates in the Santa Maria Valley will be increasing for several reasons: 1) CPI on the collection portion of the rate, 2) increase in disposal fees at the City of Santa Maria's landfill, and 3) the elimination of a subsidy provided by the South Coast to Santa Maria residents.

Similar to the Santa Ynez Valley, the CPI adjustment of the residential and commercial collection rates in Santa Maria Valley will be 90% of CPI, which equals 1.8% that is applied to only the collection portion of the rate. Unlike each of the other landfills in the County, the City of Santa Maria will be again raising its rates 5% next fiscal year. The tipping fee will increase from \$63.40/ton to \$66.55/ton, which will affect the disposal portion of the rate.

Lastly, programs that the Solid Waste & Utilities Division offers to the Santa Maria Valley unincorporated area are funded through tipping fees at the County's facilities. In the Santa Maria Valley and Lompoc Valley areas, residents use facilities that are not County owned. Waste generated in the Santa Maria Valley is disposed at the City of Santa Maria landfill. Even though this area does not use a County facility, the County continues to provide services to these communities. Based on costs from previous years, it is anticipated that the Division will incur a minimum cost of \$103,150 for services provided to the Santa Maria Valley area. These costs are for a school education contract, preparation of state-required planning documents, the operation of a program to enforce Chapter 17 of the County Code, primarily abandoned vehicle abatement and cleanup of illegal dumping, and countywide recycling promotion campaigns.

Historically, revenues from the Tajiguas Landfill have paid for the cost of servicing the Santa Maria Valley. At this time, staff is recommending that efforts be made to eliminate the subsidies that Tajiguas has provided in order to create a self-sustaining solid waste management system. Staff is recommending that the cost for the programs be distributed over the residential customer base, which totals approximately 11,865. Based on the total cost of the programs and the number of residential customers, there would be an additional charge of \$.72 per month for each residential customer. This area is serviced with an automated solid waste collection system, and therefore costs are less than a manual collection system. Including the costs for community programs, residential rates for customers in the Santa Maria Valley would still be 6% less than rates on the South Coast for the same quantity of material being collected.

Overall, the residential rates in the Santa Maria Valley will increase 6%. The following is an example illustrating the makeup of the total increase for the service of a 95 gallon refuse container, 95 gallon green waste container, and 95 gallon recyclables container:

FY 98/99 rate	CPI increase	disposal increase	franchise fee increase	subsidy increase	FY 99/00 rate
\$21.30	\$0.21	\$0.43	\$0.01	\$0.72	\$22.67

The commercial collection rates will increase due to 90% of CPI on the collection portion of the rate and the increased disposal rate. The Solid Waste & Utilities Division's program costs will not be included in the commercial rates. Therefore, commercial rates will increase from 2.5-3.3% (approximately \$2.63 to \$29.34/month depending on the service level).

Mandates and Service Levels:

There will be no changes in service levels.

Fiscal and Facilities Impacts:

As indicated above, the fiscal impact to the residential sector will range from an increase of 1.5% in most collection areas to 6% in the Santa Maria Valley. The majority of the rates are being increased only due to CPI with the exception of the Santa Maria Valley, which will be impacted by CPI, an increase in the tipping fee, and a surcharge for community programs. The fiscal impact to the commercial sector will range from an increase of .5 to 3.3% depending on the zone, size of container, and frequency of collection.

Special Instructions:

Please direct the Clerk of the Board to publish a Notice of Public Hearing in the Santa Barbara News Press, North County and South Coast editions, as per Government Code Section 6062a. Please send an executed copy of the Resolution and a Minute Order to Georgia Navarro & Leslie Wells in Solid Waste & Utilities Division of the Public Works Department.