



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 11/13/2018
Agenda Placement: 9C
Set Time: 9:35 AM PUBLIC HEARING
Estimated Report Time: 15 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Christine M. Secheli for David Morrison - Director
Planning, Building and Environmental Services

REPORT BY: Greg Pirie, Solid Waste Program Manager - 253-4144

SUBJECT: Public Hearing to consider adoption of a resolution adjusting rates for solid waste collection and disposal services in Garbage Zone Two

RECOMMENDATION

Director of Planning, Building, and Environmental Services requests the adoption of a resolution increasing rates by 10% effective January 1, 2019 for solid waste collection and disposal services in Garbage Zone Two, located generally in the unincorporated area of Lake Berryessa, in conformance with Agreement No. 7996 between the County of Napa and Berryessa Garbage Services, Inc.

EXECUTIVE SUMMARY

On August 15, 2018, the Auditor-Controller's Office received the reviewed financial reports and quarterly trend information from Berryessa Garbage Service, Inc. (BGS) for projecting a potential rate increase for the operational costs associated with the collection of solid waste and disposal in Garbage Zone Two, located in the unincorporated area of Lake Berryessa.

The Auditor-Controller's Office completed their review, pursuant to the Franchise Agreement's Quarterly Trend Analysis requirements in section 14 and the Rate Methodology in Exhibit D. In accordance with the Rate Adjustment Guidelines in section 14.03, when revenue for the quarter(s) is below five (5) percent from the previous quarter or below five (5) percent of the Annual Revenue Projections for the applicable year, the County can adjust rates.

In accordance with the approved Franchise Agreement, rates are recommended to increase by approximately 10% for both residential and commercial collection. Residential rates would increase for the 20, 32, 45, and 90-gallon cart from \$20.10, \$34.90, \$51.90, and \$104.10 to \$22.10, \$38.40, 57.10, and \$114.50, respectively. The recommended rates for both residential and commercial are set forth in the attached resolution, Attachment A.

PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comment.
4. Close Public Hearing.
5. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

These fees are not subject to the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Section 15273(a)(1) and (2).

BACKGROUND AND DISCUSSION

This item is not subject to the voting requirements of Article XIII C, Voter Approval for Local Taxes, of the California Constitution, as amended by Proposition 26, because the fees will be imposed by a private third party and not the County, under the franchise agreement as granted by the County to BGS. Article XIII C applies only to new fees imposed by a local governmental entity.

On July 9, 2013, the Board of Supervisors approved Napa County Agreement No. 7996 (Agreement), a new franchise agreement for solid waste collection and disposal for Franchise Zone Two, between Napa County and Berryessa Garbage Service, Inc. (BGS). As part of the Agreement, rates and a rate methodology were established. The rates charged to the rate payers in Garbage Zone Two (Zone Two), located in the unincorporated area of Lake Berryessa (Lake), The Agreement with BGS is for the term of July 18, 2013 through December 31, 2028.

On August 15, 2018, the Auditor-Controller's Office received reviewed financial reports and quarterly trend information from Berryessa Garbage Service, Inc. (BGS) for projecting a potential rate increase for the operational costs associated with the collection of solid waste and disposal in Garbage Zone Two, located in the unincorporated area of Lake Berryessa. Per the terms of the Agreement, the rates charged by BGS to its customers for collection services may be adjusted in two ways:

1. By April 15th of each year, BGS may submit a justifiable Rate Proposal Application package to the Board of Supervisors for approval, with any approved adjustments taking effect on July 1st [Section 16 and Exhibit D];
or
1. Pursuant to the rate methodology outlined in the Agreement, the County may adjust the rates BGS charges to its customers, the operation ratio or the allowable costs, if the Quarterly Trend Analysis reports indicate that the franchise's revenue for the quarter is either below 5% from the previous quarter or below 5% of the Annual Revenue Projections for the year, then the County can adjust rates, the operating ratio, or allowable costs [Section 14 and Exhibit D].

The Auditor-Controller's Office completed their review, pursuant to the Franchise Agreement's Quarterly Trend

Analysis requirements in section 14 and the Rate Methodology in Exhibit D. In accordance with the Rate Adjustment Guidelines in section 14.03, rates are recommended to increase by approximately 10% for both residential and commercial collection.

Staff has continually monitored the residential, business infrastructure in the Lake Berryessa Area. As the Board is aware, there has been minimal resort business infrastructure being built at this time, thus no increase in garbage and recycling requests for service.

Below is a summary of rate comparisons for areas within Napa County for monthly rates of a 32 or 35 gallon can as compared to the Berryessa Garbage Service rate of \$38.40:

- | \$38.40 BERRYESSA GARBAGE SERVICE (Napa County Zone 2 - recommended)
- | \$26.68 City of Calistoga
- | \$35.43 Napa County Unincorporated (Up Valley)
- | \$28.29 Napa County Unincorporated (South County)
- | \$46.03 Pope Valley
- | \$25.77 St. Helena
- | \$26.66 Yountville
- | \$27.14 City of Napa

SUPPORTING DOCUMENTS

A . Garbage Zone Two Rate Resolution

B . Napa County Garbage Zone 2 Map

CEO Recommendation: Approve

Reviewed By: Helene Franchi