



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/29/2017

Agenda Placement: 9A

Set Time: 9:20 AM PUBLIC HEARING

Estimated Report Time: 10 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 collection of solid waste, recyclables, green waste and food waste for the Unincorporated Area of Garbage Zone One.

RECOMMENDATION

Director of Planning, Building and Environmental Services requests adoption of a resolution increasing rates by approximately 2.24% for the residential and commercial operational cost associated with the collection of solid waste, recyclables, green waste and food waste applicable to the Unincorporated Area of Garbage Zone One, effective October 1, 2017.

EXECUTIVE SUMMARY

On June 20, 2017, the Planning, Building, and Environmental Services Department received an application for Adjustment of Rates for the operational cost associated with the collection of solid waste, recycling, green waste and food waste services from Napa County Recycling and Waste Services (NCRWS).

The Auditor-Controller's Office completed their review pursuant to the approved Franchise Agreement. In accordance with the approved Franchise Agreement, rates are recommended to increase by approximately 2.24% for both residential and commercial collection. Residential rates would increase for the 35-gallon cart from \$18.66 to \$19.10; the 65-gallon cart would increase from \$28.13 to \$28.78; and the 96-gallon cart would increase from \$42.19 to \$43.18. The proposed residential and commercial rates are set forth in Exhibit A of the attached Resolution.

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?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Fund 2180 - Zone 1 Garbage
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approving the rates allows for an increase in franchise fee revenue consistent with the terms of the franchise agreement. Fees are used to offset costs incurred by the County on behalf of Zone 1 rate payers.
Is the general fund affected?	No
Future fiscal impact:	The County receives franchise fee revenue that equals 10% of the fee revenue collected by NCRWS. Franchise fee revenue is currently estimated to be approximately \$420,000 and is recorded in the Zone 1 Garbage special revenue fund. The franchise fees are utilized to reimburse the County for expenses incurred related to Zone 1. This action would increase the County's franchise fee revenue by 2.24%, or approximately \$9,400 a year.
Consequences if not approved:	The County will not receive the additional franchise fee revenue generated by the proposed 2.24% increase to offset costs incurred by the County on behalf of Zone 1 rate payers.
Additional Information:	

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 specifically exempt from the voting requirements of Article XIIC of the California Constitution because these fees are imposed by a private third party, Napa County Recycling and Waste Services (NCRWS), under the franchise agreement as granted by the County to NCRWS on May 3, 2005. Pursuant to Government Code section 66016, the resolution, data, and rates to be considered were made available to the public.

NCRWS Rate Package:

On June 20, 2017, the Planning, Building, and Environmental Services Department received an application for Adjustment of Rates for the operational cost associated with the collection of solid waste, recycling, green waste, and food waste from NCRWS in Garbage Zone One (Zone One). The Auditor-Controller's Office completed their review of the application, pursuant to Article 7.2 - Adjustment of Rates, of the Franchise Agreement No. 6431

(Agreement) between the County and NCRWS. Under Article 7.2 of the Agreement, NCRWS is entitled to request one rate adjustment annually. Per the Agreement, the County shall adjust each rate, either up or down, to reflect:

1. The product of the change in the annual inflation rate measured as the percentage increase in the Consumer Price Index (CPI), over the previous 12 months, multiplied by the then-current Contractor Compensation Fee Component; and
2. Actual changes in any of the pass-through components of each rate. The component applied to each rate is dependent on the services rendered.

The proposed Resolution increases both residential and commercial rates by approximately 2.24% for the operational cost associated with the collection of solid waste, recycling, green waste, and food waste services in Zone One. For reference, the rate increase for the 2016 and 2015 annual rate review were approximately 2.87% and 2.0%, respectively.

The Agreement provides NCRWS with a mechanism to recover operating costs through a Contractor's Compensation Fee Component that is subject to increase or decrease by the CPI. Pursuant to the Agreement methodology for adjusting rates, the CPI Adjustment for NCRWS' Compensation Fee Component was calculated at 2.6%.

The Agreement also provides a mechanism to recover pass-through costs. The pass-through costs for solid waste disposal at Devlin Road Transfer Station are recovered through a Solid Waste Tip Fee Component. On June 2, 2011, the Napa-Vallejo Waste Management Authority (NVWMA) approved an annual rate increase of \$1 per ton for franchise haulers (effective each October 1st). Effective October 1, 2017, the per ton rate will increase from \$66 to \$67. The \$1 increase from October 1, 2016 to October 1, 2017 has resulted in an increase of 1.5% in the Solid Waste Tip Fee Component.

Additionally, the Agreement provides mechanisms to recover the cost of delivering materials to the City of Napa's Material Diversion Facility for the processing of recyclables, green waste, food waste, and carpet. Based on the recent Memorandum Of Understanding, the approved rates have increased approximately \$1 per ton for the processing of recyclables, \$1 per ton for green waste and \$1 per ton for food waste, respectively. There are currently no proposed increases for the carpet fee components in the rate package.

NCRWS Special Rate Review:

The contractor also submitted a request for a Special Rate Review. The Agreement allows the Contractor to apply for Special Rate Reviews to make adjustments to reflect changes in eligible expenses. Eligible items include change of collection service, change in scope of services, change of franchise fee etc. The submittal is also in conjunction with our ongoing efforts between the County and the Contractor to negotiate a long term franchise agreement extension and expansion of Garbage Zone 1. Staff is diligently working on revisions to the agreement. In addition, our consultant is currently reviewing the more detailed Special Rate Package. Staff will come back to the Board at a later date with a recommendation on a future agreement and potentially a mid-year rate adjustment.

SUPPORTING DOCUMENTS

A . Napa County Garbage Zones

B . Resolution

CEO Recommendation: Approve

Reviewed By: Helene Franchi