



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/9/2014
Agenda Placement: 9C
Set Time: 10:00 AM PUBLIC HEARING
Estimated Report Time: 5 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: 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 1.6% for the residential and commercial operational cost associated with the collection of solid waste, recyclables, green waste and food waste services applicable in the Unincorporated Area of Garbage Zone One, effective October 1, 2014.

EXECUTIVE SUMMARY

On June 2, 2014, 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 1.6% for residential and commercial rates. Residential rates would increase for the 35, 65 and 96-gallon totes from \$17.45, \$26.31 and \$39.47 to \$17.76, \$26.76 and \$40.15, respectively. 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 this fee increase is consistent with the terms of the franchise agreement, which contemplates that NCRWS will charge rates that generate revenue sufficient to cover their operational costs.
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 \$300,000 and is recorded in 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 1.6%, or approximately \$5,000 a year.
Consequences if not approved:	NCRWS would not receive sufficient revenue to cover their operational costs, as defined in the franchise agreement, and the County will not receive the additional franchise fee revenue generated by the proposed 1.6% 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 not subject to the voting requirements of Article XIII C 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.

NCRWS Rate Package:

On June 2, 2014, 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 proposed Resolution increases both residential and commercial rates by approximately 1.6% for the operational cost associated with the collection of solid waste, recycling, green waste, and food waste services in Zone One. The approximate 1.6% increase in operational costs is calculated by the aggregate effect of adjusting the Contractor Compensation Fee Component and the pass-through fee components as described below. For reference, the rate increase for the 2013 and 2012 annual rate review were approximately 1.7% and 2.5%, 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 1.8%.

The Agreement also provides a mechanism to recover pass-through costs, such as the Tipping Fee at Devlin Road Transfer Station. The pass-through costs for solid waste disposal are recovered through a Solid Waste Tip Fee Component. On June 2, 2011, the Napa-Vallejo Waste Management Authority (NVWMA) approved a rate increase from \$60 per ton to \$61 per ton for franchise haulers (effective October 1, 2011) with a \$1 increase each October 1 unless the NVWMA Board takes action to defer the increase. The \$1 increase has occurred each October. The \$1 increase from October 1, 2013 to October 1, 2014 has resulted in an increase of 1.6% 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 disposal of recyclables, green waste, food waste, and carpet. However, there are currently no proposed increases for these fee components in the rate package.

SUPPORTING DOCUMENTS

A . Zone One Rate Resolution

CEO Recommendation: Approve

Reviewed By: Molly Rattigan