

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Environmental Resources *SM*

BOARD AGENDA # 9:20 a.m.

Urgent Routine

AGENDA DATE October 27, 2009

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Public Hearing to Consider Adjustments to Stanislaus County Franchise Maximum Rates for Franchise Area #3

STAFF RECOMMENDATIONS:

Approve the proposed adjustments to Stanislaus County Franchise Maximum Rates for Franchise Area #3.

FISCAL IMPACT:

If the Board of Supervisors approves staff's recommendation, the rates for solid waste collection services in Franchise Area #3 may decrease, or in the case of tires placed in bins or boxes, the rate may increase. The decrease is based on the level of service selected and ranges from 10.85% to 20.26% for residential subscribers.

(Continued on next page)

BOARD ACTION AS FOLLOWS:

No. 2009-727

On motion of Supervisor Grover, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

For example, subscribers to residential basic service; that is, 1-90 gallon cart, curbside recycling, and bulky-item collection, may see their monthly service charges decrease 10.85%. Commercial bin rate customers will see their monthly service charges decrease 11.65%. Drop-box haul charges may decrease from 12.76% to 43.98% depending upon the size of container customers subscribe to.

In addition, residents or businesses that place waste tires in bins or drop boxes may see this charge increase from \$3.00 per tire to \$4.00 per tire. Residents and business that wish to utilize 3, 4, or 6 yard commercial bins for seven-day periods to perform clean-ups or minor construction/demolition projects performed by the property or business owner/occupant, may see charges of \$66.00, \$72.00, or \$78.00 respectively, for the seven-day rental period. While this service has previously existed, these rates have not been previously established by the Board.

DISCUSSION:

Franchise Area #3 consists of unincorporated areas west of Modesto between Shoemaker and California Avenues, and generally, the unincorporated areas of the County east of Modesto and south of Dry Creek, excluding the adjacent Franchise Area #4 already served by Turlock Scavenger. Approximately 6,200 residential customers, 700 commercial bin customers, and about a 1,000 drop-box hauls per year are included in this service area.

On August 11, 2009, the Board of Supervisors approved the award of Franchise Refuse Collection Area #3 to Turlock Scavenger Company. This award was the result of a competitive procurement that began in November of 2008.

The respondents to the February 2009 Request for Proposals (RFP), including Turlock Scavenger, were asked to bid total compensation requirements for the initial 31.8 months of the contract period. County staff, in collaboration with the staff of Turlock Scavenger, have converted these total compensation requirements into a mutually agreed upon schedule of service charges designed to yield the appropriate compensation (see Attachment "A"). Per the RFP and the Agreement with Turlock Scavenger, these rates will remain constant through June 30, 2012.

While the current Rate Adjustment Process "caps" rate adjustments, up or down, at 5% per annum, this process does not apply when a competitive process determines the compensation requirement and the subsequent rates.

Refuse removal services available to residents and businesses in Franchise Area #3 will remain essentially unchanged, with the exceptions of an additional \$1.00 charge for tires placed in bins or boxes, an expanded list of materials eligible for curbside recycling, and the addition of a short-term bin rental option for residents and business

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that wish to utilize 3, 4, or 6 yard commercial bins for seven-day periods to perform clean-ups or minor construction/demolition projects.

Since the execution of the Franchise Agreement for Area #3 with Turlock Scavenger, Waste Management, Inc., agreed to voluntarily terminate their current agreement at midnight on October 31, 2009. This modification allows for a more efficient transfer of services and will prevent the two service providers from incurring administrative costs. The Board approved Amendment No. 1 to the Franchise Agreement between Stanislaus County and Turlock Scavenger Company for Collection Area #3 on October 6, 2009, allowing Turlock Scavenger to begin service under the Agreement on November 1, 2009, as opposed to original commencement date of November 5. If the Board approves the proposed maximum rates for solid waste collection services for Franchise Area #3, they would become effective on November 1, 2009.

POLICY ISSUE:

The Board of Supervisors is required to hold a public hearing prior to adjusting the maximum rates for solid waste collection services. After the public hearing, the rates can be changed. The Board of Supervisors should determine if adjusting the maximum rates for solid waste collection services in Franchise Area #3 is consistent with its priorities of a safe community, a healthy community, and a well-planned infrastructure system.

STAFFING IMPACTS:

There are no staffing impacts associated with this request.

CONTACT PERSON:

Sonya K. Harrigfeld, Director. Telephone: 209-525-6770

FRANCHISE AREA #3 - TURLOCK SCAVENGER

PROPOSED MAXIMUM RESIDENTIAL RATES

Service	Current Franchisee's Rate ('09-'10)	Proposed Rates (EFFECTIVE 11/1/09 TO 6/30/12)	Net Change (Current vs. Proposed)
1 can	\$14.02	\$12.12	-13.55%
2 cans	\$20.92	\$18.65	-10.85%
Add'l. can	\$10.46	\$8.61	-17.69%
60 gal. cart	\$15.20	\$12.12	-20.26%
90 gal. cart	\$20.92	\$18.65	-10.85%
Add'l. cart	\$13.63	\$12.12	-11.08%

SPECIAL SERVICES - RESIDENTIAL "SPECIALS" & COMMERCIAL BINS

3 yrd. bin	\$66.00
4 yrd. bin	\$72.00
6 yrd. bin	\$78.00

Charge for tires in container	\$4.00 each plus current landfill charges
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PROPOSED MAXIMUM COMMERCIAL RATES

Service	Current Franchisee's Rate ('09-'10)	Proposed Rates (EFFECTIVE 11/1/09 TO 6/30/12)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$52.57	\$46.45	-11.64%
1 yd., 2 X week	\$105.14	\$92.89	-11.65%
1 yd., 3 X week	\$157.70	\$139.33	-11.65%
1 yd., 4 X week	\$210.26	\$185.76	-11.65%
1 yd., 5 X week	\$262.83	\$232.21	-11.65%
1 yd., 6 X week	\$315.40	\$278.66	-11.65%
1 yd., 7 X week	\$367.97	\$325.10	-11.65%
2 yd., 1 X week	\$67.40	\$59.55	-11.65%
2 yd., 2 X week	\$134.76	\$119.06	-11.65%
2 yd., 3 X week	\$202.15	\$178.60	-11.65%
2 yd., 4 X week	\$269.53	\$238.13	-11.65%
2 yd., 5 X week	\$336.92	\$297.67	-11.65%
2 yd., 6 X week	\$404.30	\$357.20	-11.65%
2 yd., 7 X week	\$471.68	\$416.73	-11.65%
3 yd., 1 X week	\$75.91	\$67.07	-11.65%
3 yd., 2 X week	\$151.78	\$134.10	-11.65%
3 yd., 3 X week	\$227.69	\$201.16	-11.65%
3 yd., 4 X week	\$303.57	\$268.20	-11.65%
3 yd., 5 X week	\$379.50	\$335.29	-11.65%
3 yd., 6 X week	\$455.38	\$402.33	-11.65%
3 yd., 7 X week	\$531.29	\$469.39	-11.65%
4 yd., 1 X week	\$83.36	\$73.65	-11.65%
4 yd., 2 X week	\$166.73	\$147.31	-11.65%
4 yd., 3 X week	\$250.08	\$220.95	-11.65%
4 yd., 4 X week	\$333.19	\$294.37	-11.65%
4 yd., 5 X week	\$416.81	\$368.25	-11.65%
4 yd., 6 X week	\$500.17	\$441.90	-11.65%
4 yd., 7 X week	\$583.53	\$515.55	-11.65%
6 yd., 1 X week	\$89.89	\$79.42	-11.65%
6 yd., 2 X week	\$179.78	\$158.84	-11.65%
6 yd., 3 X week	\$269.67	\$238.25	-11.65%
6 yd., 4 X week	\$359.54	\$317.65	-11.65%
6 yd., 5 X week	\$449.43	\$397.07	-11.65%
6 yd., 6 X week	\$539.31	\$476.48	-11.65%
6 yd., 7 X week	\$629.21	\$555.91	-11.65%

PROPOSED MAXIMUM DROP BOX HAUL RATE (per haul)

Size of Box	Current Franchisee's Rate ('09-'10)	Proposed Rates (EFFECTIVE 11/1/09 TO 6/30/12)	Net Change (Current vs. Proposed)
10 - 19 yrd	\$202.23	\$176.42	-12.76%
20 - 29 yrd	\$266.62	\$176.42	-33.83%
30 yrd and up	\$314.91	\$176.42	-43.98%

SPECIAL SERVICES - DROP BOXES

Charge for tires in container	\$4.00 each plus current landfill charges
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PowerPoint Presentation

Proposed Refuse Collection Rates for Franchise Area #3

Sonya K. Harrigfeld, Director

Jami Aggers, Assistant Director

Department of Environmental Resources

October 27, 2009

Background

- On August 11, 2009, the Board approved the award of Franchise Area #3 to Turlock Scavenger Company
- Bids were for total compensation requirements for a fixed up-front period (31.8 months), adjusted for CPI after that

Background (cont'd.)

- Staff, in collaboration with Turlock Scavenger, converted these compensation requirements into a schedule of service charges designed to yield the appropriate compensation.
- If approved, these rates will remain constant through June 30, 2012

Background (cont'd.)

- Former franchise holder voluntarily agreed to terminate their agreement on Oct. 31, 2009, vs. Nov. 5th, and on this basis, the Board approved Amendment No. 1 to the Agreement for Area #3 to begin service on Nov. 1, 2009

Franchise Area #3

- Consists of unincorporated areas: west of Modesto between Shoemake and California Avenues, and areas east of Modesto and south of Dry Creek
- Approx. 6,200 residential, 700 commercial and 1,000 drop box customers
- Services available will remain relatively unchanged

Franchise Area #3 Cont'd.

- Exceptions are:
 - Expanded curbside recycling to now include oil filters
 - Short-term bin rentals for 7-day clean-ups
 - An additional \$1.00/tire charge for tires in bins or drop boxes
- Other than for tires, rates will decrease across the board as follows:

Franchise Area #3 Cont'd.

- Residential: 10.85% - 20.26%, depending upon the service level subscribed to
- Commercial: 11.65%
- Drop box haul charges: 12.76% - 43.98%, depending upon container size

Proposed Residential Rates*

Service	Current	Proposed Rate
1 can	\$14.02	\$12.12
2 cans	\$20.92	\$18.65
60-gallon cart	\$15.20	\$12.12
90-gallon cart	\$20.92	\$18.65

*One 90-gallon cart service is the most common service

Commercial Bin Service*

	Current	Proposed Rates
2-yd bin once/week	\$67.40	\$59.55
3-yd bin once/week	\$75.91	\$67.07
4-yd bin once/week	\$83.36	\$73.65
6-yd bin once/week	\$89.89	\$79.42

*2-yard service 1X/wk. is the most common service

Proposed Drop-Box Haul Charges

Container Size	Current	Proposed Rates
10 – 19 yard box	\$202.23	\$176.42
20 – 29 yard box	\$266.62	\$176.42
30 yards and up	\$314.91	\$176.42

Staff Recommendation

- Approve the recommended adjustments to the Stanislaus County Franchise Maximum Rates for refuse collection services for Franchise Area #3

Questions?