

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

DEPT: Environmental Resources

BOARD AGENDA # 6:35 p.m.

Urgent  Routine

AGENDA DATE June 18, 2013

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Rates for Solid Waste Collection Services

STAFF RECOMMENDATIONS:

1. Conduct a public hearing to consider adjustments to the Stanislaus County franchise maximum rates for solid waste collection services.
2. Approve the proposed adjustments to Stanislaus County Franchise Maximum rates for solid waste collection services in Franchise Areas 1, 2, 3, and 4.

FISCAL IMPACT:

Upon approval, increases to the solid waste collection service charges in the unincorporated areas of Stanislaus County (Franchise Areas 1, 2, 3, and 4) will be effective July 1, 2013. Maximum rates for solid waste collection services in all Franchise Areas are proposed to increase for residential, commercial and drop box rates as follows: Bertolotti Disposal - Franchise Area 1: 1.54%; Gilton Solid Waste Management - Franchise Area 2: 5.00%; Turlock Scavenger - Franchise Area 3: 6.64%; and Turlock Scavenger - Franchise Area 4: 0.19%. This increase in rates will result in approximately \$47,000 in additional revenue  
(Continued on next page)

BOARD ACTION AS FOLLOWS:

No. 2013-306

On motion of Supervisor Withrow, Seconded by Supervisor De Martini  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

Christine Ferraro  
CHRISTINE FERRARO TALLMAN, Clerk

ATTEST:

File No.

## Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Rates for Solid Waste Collection Services

### **FISCAL IMPACT (Continued):**

to the Department of Environmental Resources to oversee the franchise haulers and to implement the rate-setting process during Budget Year 2013-2014.

### **DISCUSSION:**

The unincorporated portions of Stanislaus County are divided into four separate franchise refuse hauling areas (Franchise Areas), each of which contain a mix of residential, commercial, and drop box customers. These four Franchise Areas contain the following residential communities: Area 1: Salida, Keyes, Crows Landing, Grayson, and Westley; Area 2: Knights Ferry and Valley Home; Area 3: Denair, Empire, Hickman, and La Grange; and Area 4: the unincorporated areas are primarily pockets within the City of Turlock (Attachment B). In exchange for a franchise fee, the hauler receives the exclusive right to the residential and commercial accounts within their respective area, while Stanislaus County retains the ability to regulate the haulers and set the maximum rates that can be charged. In addition, the Board of Supervisors also sets the franchise maximum haul rates for drop box customers.

In 2008, the Department of Environmental Resources (Department) staff worked with the consulting firm of Hilton, Farnkopf & Hobson (HF&H), LLC, and the franchise refuse collection companies to develop a new Rate Adjustment Process to determine solid waste collection rates (Base Rates). Costs related to curbside recycling and the bulky item program are included in the residential Base Rates.

On November 4, 2008, the Board adopted a new Refuse Rate Adjustment Process and approved the Base Rates, which set the maximum franchise rates for solid waste collection services in the unincorporated areas of Stanislaus County beginning July 1, 2009. In addition, the Board approved a new methodology for the annual adjustment of these Base Rates. For four consecutive years, beginning with July 1, 2009, the Base Rates may be increased or decreased according to the appropriate consumer price index. Every fifth year, a detailed cost of service study will be repeated to determine new Base Rates, followed by another four years of index-based adjustments.

On June 30, 2009, the Board approved the first index-based adjustments in setting the maximum franchise rates for solid waste collection services for Fiscal Year 2009-2010. On August 11, 2009, the Board approved the award of Franchise Refuse Collection Area 3 to Turlock Scavenger Company, effective November 1, 2009. This award was the result of a competitive procurement that began in November 2008 for the Franchise Area formerly served by Waste Management. The respondents to the February 2009 Request for Proposals (RFP), were asked to bid total compensation requirements for the initial 31.8 months of the contract period. This excluded Turlock Scavenger Franchise Area 3 from the annual index based adjustments until year four of the contract. The Board approved the Turlock Scavenger Franchise Area 3 maximum rates for refuse collection on October 27, 2009, for the 31.8 month fixed rate contract period, following a public hearing.

## Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Rates for Solid Waste Collection Services

In June for the next three consecutive years, or 2010, 2011, and 2012, the Board approved an index-based adjustment which included Franchise Area 3 in 2012. Going into the fifth year of the Refuse Rate Adjustment Process, new Base Rates are calculated. Rates are calculated after a detailed cost of service study is completed. The detailed review examines and determines the actual cost to provide service and uses these costs to set a new Base Rate. The examination process includes comparing reported expenses to those that are allowed and/or disallowed. Once the allowable costs are identified, they are compared to prior year costs and to industry averages for reasonableness. Industry averages include things such as the number of accounts per route, the labor hours per route, the gallons of fuel per operating hour, etc. The new Base Rates for the unincorporated areas of Stanislaus County, if approved, will become effective on July 1, 2013.

### **New Base Rates**

On September 25, 2012, the Department sent out a Request for Proposal (RFP) to three consulting firms to provide expert solid waste professional services for refuse rate adjustments in the four unincorporated franchise areas. HF&H consultants was again awarded the contract and entered into a professional service agreement on November 29, 2012.

Over the past several months, Department staff and HF&H consultants have reviewed the three Franchise companies' rate applications and financial statements. Department staff and HF&H consultants conducted meetings with all three Franchise collection companies to clarify, review, and request additional information not submitted in their application and financial statements.

HF&H consultants evaluated the information gathered from the meetings along with supplemental information provided by the franchise collection companies and submitted their findings and recommendations to the Department. Based on this information, in conjunction with the parameters in the Refuse Rate Adjustment Process, the Department has established the new Base Rates for the four franchise areas.

The Rate Adjustment Process limits an increase in compensation to 5% unless the Franchise Company can demonstrate a loss from projected operations. If such a loss is verified, the Base Rates will be adjusted per Rate Adjustment Process to allow the contractor a reasonable profit.

In the review of Turlock Scavenger Area 3, a loss from projected operations was substantiated. Given this, HF&H consultants calculated that an additional 1.64% was necessary to allow for a reasonable profit for Area 3. This brings the recommended increase for Area 3 to 6.64%. An additional increase of this nature is allowed in the Rate Adjustment Process. The review of Gilton Solid Waste Management Area 2 revealed a need for the maximum rate increase of 5%. Gilton's review did not reveal a loss from projected operations and, therefore, did not require additional compensation above the 5% limit. Bertolotti Disposal Area 1 review noted only a moderate increase in their cost of operations, therefore, a rate increase of 1.54% is recommended. Turlock Scavenger Area 4 review revealed a small increase in costs which

Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Rates for Solid Waste Collection Services

necessitates a 0.19% increase. The new proposed Base Rates, which sets the maximum franchise service rates, are presented in Attachment A.

**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 could be changed. This action is consistent with the Board's priorities of A Safe Community, A Healthy Community, and A Well Planned Infrastructure System. Providing adequate funding for solid waste collection services is critical to supporting the Department's mission to promote a safe and healthy environment and improve the quality of life in Stanislaus County.

**STAFFING IMPACTS:**

The annual rate adjustment evaluations are handled through existing Department staff.

**CONTACT PERSON:**

Jami Aggers, Director of Environmental Resources

Telephone: 209-525-6770

**PROPOSED MAXIMUM RESIDENTIAL BASE RATES INCLUDING CURBSIDE  
RECYCLING AND BULKY ITEM PROGRAM**

**BERTOLOTTI DISPOSAL - FRANCHISE AREA #1**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 can	\$16.21	<b>\$16.46</b>	1.54%
2 cans	\$23.62	<b>\$23.98</b>	1.54%
Add'l. can	\$11.81	<b>\$11.99</b>	1.54%
60 gal. cart	\$16.21	<b>\$16.46</b>	1.54%
90 gal. cart	\$23.62	<b>\$23.98</b>	1.54%
Add'l. cart	\$14.41	<b>\$14.63</b>	1.54%

**GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 can	\$11.17	<b>\$11.73</b>	5.00%
2 cans	\$19.32	<b>\$20.29</b>	5.00%
Add'l. can	\$9.66	<b>\$10.14</b>	5.00%
30 gal. cart	\$13.44	<b>\$14.11</b>	5.00%
60 gal. cart	\$15.07	<b>\$15.82</b>	5.00%
90 gal. cart	\$19.32	<b>\$20.29</b>	5.00%
Add'l. cart	\$11.78	<b>\$12.37</b>	5.00%

**TURLOCK SCAVENGER - FRANCHISE AREA #3**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 can	\$13.63	<b>\$14.54</b>	6.64%
2 cans	\$20.98	<b>\$22.37</b>	6.64%
Add'l. can	\$9.69	<b>\$10.33</b>	6.64%
60 gal. cart	\$13.63	<b>\$14.54</b>	6.64%
90 gal. cart	\$20.98	<b>\$22.37</b>	6.64%
Add'l. cart	\$13.63	<b>\$14.54</b>	6.64%

**TURLOCK SCAVENGER - FRANCHISE AREA #4**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 can	\$15.60	<b>\$15.63</b>	0.19%
2 cans	\$22.32	<b>\$22.36</b>	0.19%
Add'l. can	\$11.16	<b>\$11.18</b>	0.19%
60 gal. cart	\$15.60	<b>\$15.63</b>	0.19%
90 gal. cart	\$22.32	<b>\$22.36</b>	0.19%
Add'l. cart	\$13.61	<b>\$13.64</b>	0.19%

## PROPOSED MAXIMUM COMMERCIAL BIN RATES

### BERTOLOTTI DISPOSAL - FRANCHISE AREA #1

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 58.21	\$ 59.11	1.54%
1 yd., 2 X week	\$ 116.41	\$ 118.20	1.54%
1 yd., 3 X week	\$ 174.63	\$ 177.32	1.54%
1 yd., 4 X week	\$ 232.83	\$ 236.42	1.54%
1 yd., 5 X week	\$ 291.04	\$ 295.52	1.54%
1 yd., 6 X week	\$ 349.24	\$ 354.62	1.54%
1 yd., 7 X week	\$ 407.46	\$ 413.73	1.54%
1.5 yd., 1 X week	\$ 73.48	\$ 74.61	1.54%
1.5 yd., 2 X week	\$ 146.96	\$ 149.22	1.54%
1.5 yd., 3 X week	\$ 220.44	\$ 223.83	1.54%
1.5 yd., 4 X week	\$ 293.89	\$ 298.42	1.54%
1.5 yd., 5 X week	\$ 367.38	\$ 373.04	1.54%
1.5 yd., 6 X week	\$ 440.86	\$ 447.65	1.54%
1.5 yd., 7 X week	\$ 514.35	\$ 522.27	1.54%
2 yd., 1 X week	\$ 85.83	\$ 87.15	1.54%
2 yd., 2 X week	\$ 171.65	\$ 174.29	1.54%
2 yd., 3 X week	\$ 257.47	\$ 261.44	1.54%
2 yd., 4 X week	\$ 343.28	\$ 348.57	1.54%
2 yd., 5 X week	\$ 429.11	\$ 435.72	1.54%
2 yd., 6 X week	\$ 514.94	\$ 522.87	1.54%
2 yd., 7 X week	\$ 600.74	\$ 609.99	1.54%
3 yd., 1 X week	\$ 100.81	\$ 102.36	1.54%
3 yd., 2 X week	\$ 201.63	\$ 204.74	1.54%
3 yd., 3 X week	\$ 302.42	\$ 307.08	1.54%
3 yd., 4 X week	\$ 403.24	\$ 409.45	1.54%
3 yd., 5 X week	\$ 504.05	\$ 511.81	1.54%
3 yd., 6 X week	\$ 604.86	\$ 614.17	1.54%
3 yd., 7 X week	\$ 705.68	\$ 716.55	1.54%
4 yd., 1 X week	\$ 124.98	\$ 126.90	1.54%
4 yd., 2 X week	\$ 249.94	\$ 253.79	1.54%
4 yd., 3 X week	\$ 374.91	\$ 380.68	1.54%
4 yd., 4 X week	\$ 499.88	\$ 507.58	1.54%
4 yd., 5 X week	\$ 624.86	\$ 634.48	1.54%
4 yd., 6 X week	\$ 749.82	\$ 761.37	1.54%
4 yd., 7 X week	\$ 874.81	\$ 888.28	1.54%
6 yd., 1 X week	\$ 173.29	\$ 175.96	1.54%
6 yd., 2 X week	\$ 346.58	\$ 351.92	1.54%
6 yd., 3 X week	\$ 519.87	\$ 527.88	1.54%
6 yd., 4 X week	\$ 693.16	\$ 703.83	1.54%
6 yd., 5 X week	\$ 866.45	\$ 879.79	1.54%
6 yd., 6 X week	\$ 1,039.74	\$ 1,055.75	1.54%
6 yd., 7 X week	\$ 1,213.03	\$ 1,231.71	1.54%

## PROPOSED MAXIMUM COMMERCIAL BIN RATES

### GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 64.49	\$ 67.71	5.00%
1 yd., 2 X week	\$ 129.00	\$ 135.45	5.00%
1 yd., 3 X week	\$ 193.49	\$ 203.16	5.00%
1 yd., 4 X week	\$ 257.99	\$ 270.89	5.00%
1 yd., 5 X week	\$ 322.48	\$ 338.60	5.00%
1 yd., 6 X week	\$ 386.97	\$ 406.32	5.00%
1 yd., 7 X week	\$ 451.47	\$ 474.04	5.00%
1.5 yd., 1 X week	\$ 73.19	\$ 76.85	5.00%
1.5 yd., 2 X week	\$ 146.40	\$ 153.72	5.00%
1.5 yd., 3 X week	\$ 219.59	\$ 230.57	5.00%
1.5 yd., 4 X week	\$ 292.76	\$ 307.40	5.00%
1.5 yd., 5 X week	\$ 365.97	\$ 384.27	5.00%
1.5 yd., 6 X week	\$ 439.16	\$ 461.12	5.00%
1.5 yd., 7 X week	\$ 512.36	\$ 537.98	5.00%
2 yd., 1 X week	\$ 80.08	\$ 84.08	5.00%
2 yd., 2 X week	\$ 160.17	\$ 168.18	5.00%
2 yd., 3 X week	\$ 240.25	\$ 252.26	5.00%
2 yd., 4 X week	\$ 320.33	\$ 336.35	5.00%
2 yd., 5 X week	\$ 400.44	\$ 420.46	5.00%
2 yd., 6 X week	\$ 480.51	\$ 504.54	5.00%
2 yd., 7 X week	\$ 560.59	\$ 588.62	5.00%
3 yd., 1 X week	\$ 84.19	\$ 88.40	5.00%
3 yd., 2 X week	\$ 168.36	\$ 176.78	5.00%
3 yd., 3 X week	\$ 252.56	\$ 265.19	5.00%
3 yd., 4 X week	\$ 336.75	\$ 353.59	5.00%
3 yd., 5 X week	\$ 420.94	\$ 441.99	5.00%
3 yd., 6 X week	\$ 505.11	\$ 530.37	5.00%
3 yd., 7 X week	\$ 589.32	\$ 618.79	5.00%
4 yd., 1 X week	\$ 93.02	\$ 97.67	5.00%
4 yd., 2 X week	\$ 186.01	\$ 195.31	5.00%
4 yd., 3 X week	\$ 279.04	\$ 292.99	5.00%
4 yd., 4 X week	\$ 372.07	\$ 390.67	5.00%
4 yd., 5 X week	\$ 465.06	\$ 488.31	5.00%
4 yd., 6 X week	\$ 558.08	\$ 585.98	5.00%
4 yd., 7 X week	\$ 651.10	\$ 683.66	5.00%
6 yd., 1 X week	\$ 112.47	\$ 118.09	5.00%
6 yd., 2 X week	\$ 224.89	\$ 236.13	5.00%
6 yd., 3 X week	\$ 337.36	\$ 354.23	5.00%
6 yd., 4 X week	\$ 449.81	\$ 472.30	5.00%
6 yd., 5 X week	\$ 562.26	\$ 590.37	5.00%
6 yd., 6 X week	\$ 674.70	\$ 708.44	5.00%
6 yd., 7 X week	\$ 787.17	\$ 826.53	5.00%

## PROPOSED MAXIMUM COMMERCIAL BIN RATES

### TURLOCK SCAVENGER - FRANCHISE AREA #3

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 51.88	\$ 55.32	6.64%
1 yd., 2 X week	\$ 103.75	\$ 110.64	6.64%
1 yd., 3 X week	\$ 155.61	\$ 165.94	6.64%
1 yd., 4 X week	\$ 207.47	\$ 221.25	6.64%
1 yd., 5 X week	\$ 259.35	\$ 276.57	6.64%
1 yd., 6 X week	\$ 311.23	\$ 331.90	6.64%
1 yd., 7 X week	\$ 363.10	\$ 387.21	6.64%
1.5 yd., 1 X week	\$ -	\$ -	6.64%
1.5 yd., 2 X week	\$ -	\$ -	6.64%
1.5 yd., 3 X week	\$ -	\$ -	6.64%
1.5 yd., 4 X week	\$ -	\$ -	6.64%
1.5 yd., 5 X week	\$ -	\$ -	6.64%
1.5 yd., 6 X week	\$ -	\$ -	6.64%
1.5 yd., 7 X week	\$ -	\$ -	6.64%
2 yd., 1 X week	\$ 66.51	\$ 70.93	6.64%
2 yd., 2 X week	\$ 132.97	\$ 141.80	6.64%
2 yd., 3 X week	\$ 199.47	\$ 212.71	6.64%
2 yd., 4 X week	\$ 265.96	\$ 283.62	6.64%
2 yd., 5 X week	\$ 332.46	\$ 354.54	6.64%
2 yd., 6 X week	\$ 398.95	\$ 425.44	6.64%
2 yd., 7 X week	\$ 465.43	\$ 496.33	6.64%
3 yd., 1 X week	\$ 74.91	\$ 79.88	6.64%
3 yd., 2 X week	\$ 149.77	\$ 159.71	6.64%
3 yd., 3 X week	\$ 224.67	\$ 239.59	6.64%
3 yd., 4 X week	\$ 299.55	\$ 319.44	6.64%
3 yd., 5 X week	\$ 374.48	\$ 399.35	6.64%
3 yd., 6 X week	\$ 449.35	\$ 479.19	6.64%
3 yd., 7 X week	\$ 524.25	\$ 559.06	6.64%
4 yd., 1 X week	\$ 82.26	\$ 87.72	6.64%
4 yd., 2 X week	\$ 164.53	\$ 175.45	6.64%
4 yd., 3 X week	\$ 246.77	\$ 263.16	6.64%
4 yd., 4 X week	\$ 328.77	\$ 350.60	6.64%
4 yd., 5 X week	\$ 411.29	\$ 438.60	6.64%
4 yd., 6 X week	\$ 493.55	\$ 526.32	6.64%
4 yd., 7 X week	\$ 575.80	\$ 614.03	6.64%
6 yd., 1 X week	\$ 88.70	\$ 94.59	6.64%
6 yd., 2 X week	\$ 177.40	\$ 189.18	6.64%
6 yd., 3 X week	\$ 266.10	\$ 283.77	6.64%
6 yd., 4 X week	\$ 354.77	\$ 378.33	6.64%
6 yd., 5 X week	\$ 443.48	\$ 472.93	6.64%
6 yd., 6 X week	\$ 532.17	\$ 567.51	6.64%
6 yd., 7 X week	\$ 620.88	\$ 662.11	6.64%



## PROPOSED MAXIMUM COMMERCIAL BIN RATES

### TURLOCK SCAVENGER - FRANCHISE AREA #4

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 58.82	\$ 58.93	0.19%
1 yd., 2 X week	\$ 117.65	\$ 117.87	0.19%
1 yd., 3 X week	\$ 176.46	\$ 176.80	0.19%
1 yd., 4 X week	\$ 235.27	\$ 235.72	0.19%
1 yd., 5 X week	\$ 294.10	\$ 294.66	0.19%
1 yd., 6 X week	\$ 352.92	\$ 353.59	0.19%
1 yd., 7 X week	\$ 411.73	\$ 412.51	0.19%
1.5 yd., 1 X week	\$ 76.95	\$ 77.10	0.19%
1.5 yd., 2 X week	\$ 153.89	\$ 154.18	0.19%
1.5 yd., 3 X week	\$ 230.87	\$ 231.31	0.19%
1.5 yd., 4 X week	\$ 307.82	\$ 308.40	0.19%
1.5 yd., 5 X week	\$ 384.76	\$ 385.49	0.19%
1.5 yd., 6 X week	\$ 461.71	\$ 462.59	0.19%
1.5 yd., 7 X week	\$ 538.67	\$ 539.69	0.19%
2 yd., 1 X week	\$ 78.88	\$ 79.03	0.19%
2 yd., 2 X week	\$ 157.72	\$ 158.02	0.19%
2 yd., 3 X week	\$ 236.61	\$ 237.06	0.19%
2 yd., 4 X week	\$ 315.46	\$ 316.06	0.19%
2 yd., 5 X week	\$ 394.34	\$ 395.09	0.19%
2 yd., 6 X week	\$ 473.19	\$ 474.09	0.19%
2 yd., 7 X week	\$ 552.07	\$ 553.12	0.19%
3 yd., 1 X week	\$ 83.66	\$ 83.82	0.19%
3 yd., 2 X week	\$ 167.31	\$ 167.63	0.19%
3 yd., 3 X week	\$ 250.97	\$ 251.45	0.19%
3 yd., 4 X week	\$ 334.61	\$ 335.25	0.19%
3 yd., 5 X week	\$ 418.27	\$ 419.06	0.19%
3 yd., 6 X week	\$ 501.92	\$ 502.87	0.19%
3 yd., 7 X week	\$ 585.57	\$ 586.68	0.19%
4 yd., 1 X week	\$ 101.03	\$ 101.22	0.19%
4 yd., 2 X week	\$ 202.04	\$ 202.42	0.19%
4 yd., 3 X week	\$ 303.07	\$ 303.65	0.19%
4 yd., 4 X week	\$ 404.10	\$ 404.87	0.19%
4 yd., 5 X week	\$ 505.14	\$ 506.10	0.19%
4 yd., 6 X week	\$ 606.16	\$ 607.31	0.19%
4 yd., 7 X week	\$ 707.19	\$ 708.53	0.19%
6 yd., 1 X week	\$ 129.82	\$ 130.07	0.19%
6 yd., 2 X week	\$ 259.64	\$ 260.13	0.19%
6 yd., 3 X week	\$ 389.46	\$ 390.20	0.19%
6 yd., 4 X week	\$ 519.28	\$ 520.27	0.19%
6 yd., 5 X week	\$ 649.10	\$ 650.33	0.19%
6 yd., 6 X week	\$ 778.93	\$ 780.41	0.19%
6 yd., 7 X week	\$ 908.75	\$ 910.48	0.19%

**PROPOSED MAXIMUM DROP-BOX HAUL CHARGES**

**BERTOLOTTI DISPOSAL - FRANCHISE AREA #1**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 154.76	\$ 157.14	1.54%
20 - 29 yrd.	\$ 204.24	\$ 207.39	1.54%
30 yrd. & up	\$ 242.14	\$ 245.87	1.54%

**GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 155.85	\$ 163.64	5.00%
20 - 29 yrd.	\$ 204.04	\$ 214.24	5.00%
30 yrd. & up	\$ 241.97	\$ 254.07	5.00%

**TURLOCK SCAVENGER - FRANCHISE AREA #3**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 185.25	\$ 197.55	6.64%
20 - 29 yrd.	\$ 185.25	\$ 197.55	6.64%
30 yrd. & up	\$ 185.25	\$ 197.55	6.64%

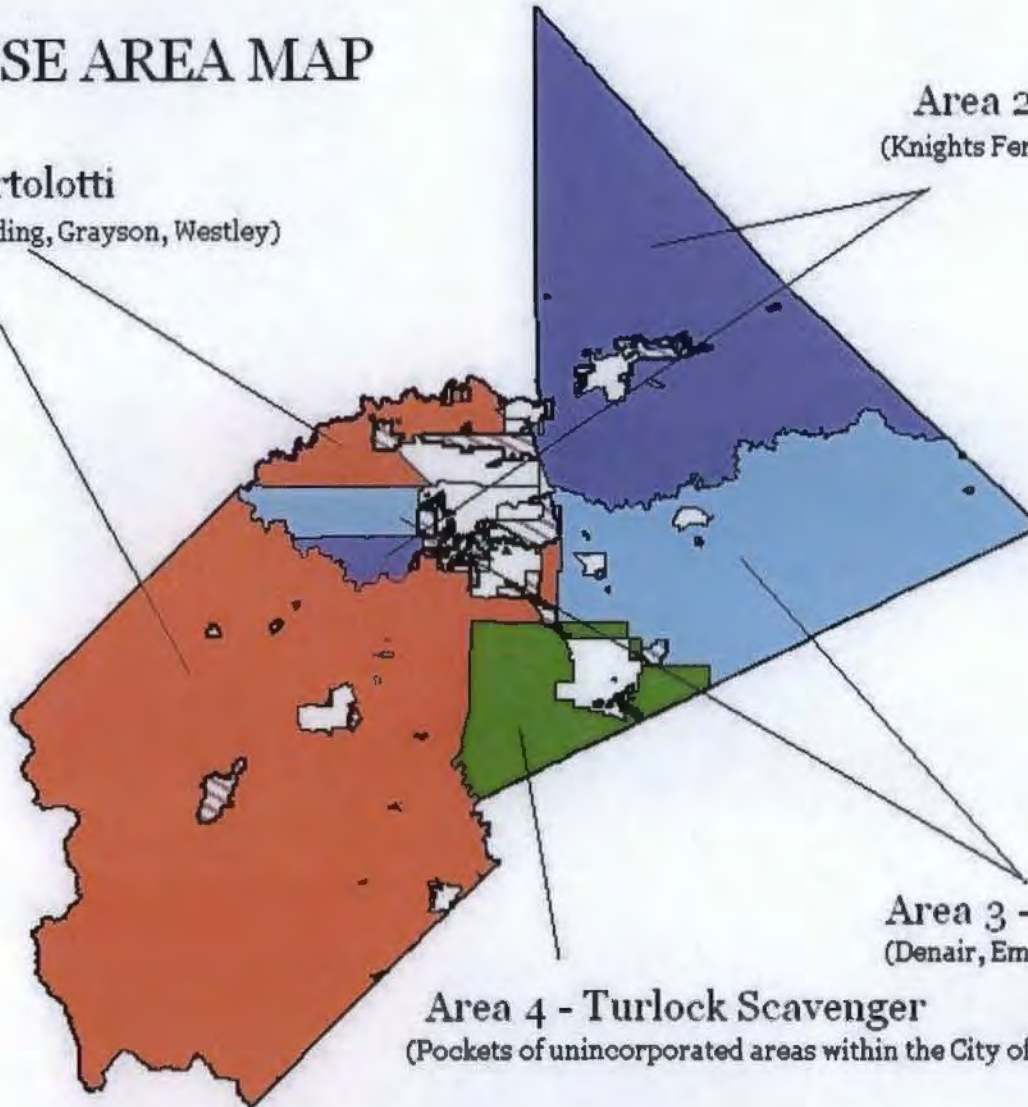
**TURLOCK SCAVENGER - FRANCHISE AREA #4**

Service	Current Rate ('12-'13)	Proposed Base Rates ('13-'14)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 148.49	\$ 148.77	0.19%
20 - 29 yrd.	\$ 195.16	\$ 195.53	0.19%
30 yrd. & up	\$ 231.22	\$ 231.66	0.19%

# FRANCHISE AREA MAP

**Area 1 - Bertolotti**  
(Salida, Keyes, Crows Landing, Grayson, Westley)

**Area 2 - Gilton**  
(Knights Ferry, Valley Home)



**Area 3 - Turlock Scavenger**  
(Denair, Empire, Hickman, La Grange)

**Area 4 - Turlock Scavenger**  
(Pockets of unincorporated areas within the City of Turlock)

# Proposed Refuse Collection Rates 2013-2014

Jami Aggers, Director

Department of Environmental Resources and Parks & Recreation

June 18, 2013

# FRANCHISE AREA MAP

## Area 1 - Bertolotti

(Salida, Keyes, Crows Landing, Grayson, Westley)

## Area 2 - Gilton

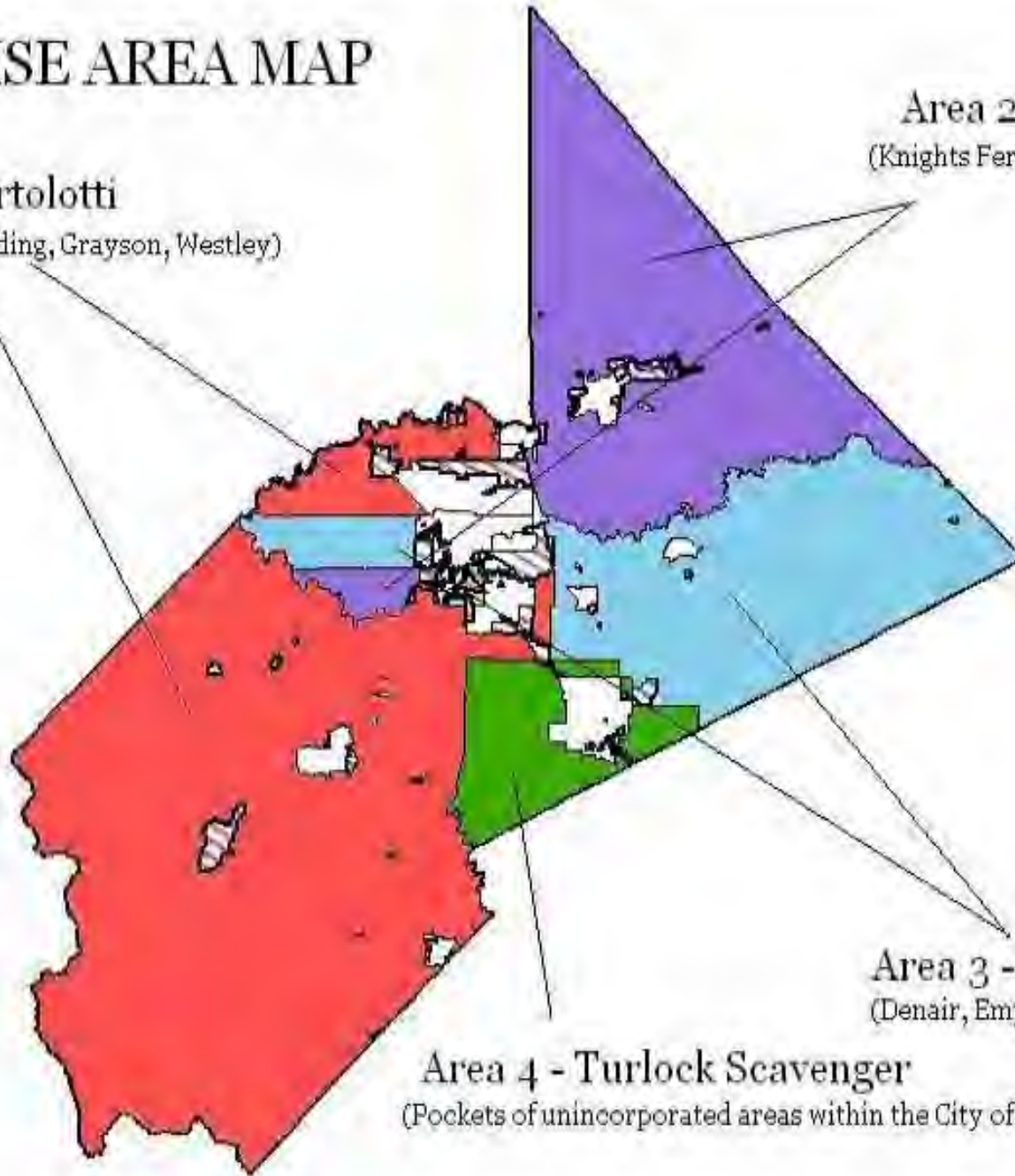
(Knights Ferry, Valley Home)

## Area 3 - Turlock Scavenger

(Denair, Empire, Hickman, La Grange)

## Area 4 - Turlock Scavenger

(Pockets of unincorporated areas within the City of Turlock)



# Franchise Areas

- Each franchise area has a mixture of residential, commercial and drop box customers
- The haulers receive exclusive rights to the residential and commercial accounts in exchange for a franchise fee
- Stanislaus County retains the ability to regulate the haulers and set the maximum rates that can be charged
- The BOS also sets the franchise maximum haul rates for drop box customers

# Background

- Staff worked with Hilton Farnkopf & Hobson (HF&H) and the franchise companies to develop new “base” rates for refuse collection
- November 2008, Board adopted new base rates: benchmark from which to set rates beginning July 1, 2009

## Background (cont'd.)

- At the same meeting, the Board adopted a new methodology for the annual adjustment of these base rates
- For four consecutive years, these rates may only increase or decrease by the change in a series of price indexes
- At the beginning of the 5<sup>th</sup> year, a cost base adjustment method will be used to set new Base Rates



# New Base Rates

- In September 2012, the Department sent out a Request for Proposal for expert solid waste consulting services to determine new base rates in the four unincorporated franchise areas.
- HF&H was awarded the contract in November 2012.

## **New Base Rates (cont'd.)**

- Over the last several months, County staff and HF&H consultants reviewed the franchise companies' rate applications and financial statements, and also conducted meetings with each company.

## **New Base Rates (cont'd.)**

- HF&H evaluated the information gathered and submitted their findings and recommendations to the Department.

## **New Base Rates (cont'd.)**

- Based on the information, in conjunction with the parameters of the Refuse Rate Adjustment Methodology, the Department established the new Base Rates for the franchise areas for Fiscal Year 2013-2014.

## **New Base Rates (cont'd.)**

- In our current process, the haulers are not rewarded for inefficiencies, in fact, the process is very tight
- The consultants, such as HF&H, who do this specialty work know the industry, they compare our hauler's data to the industry in their analysis, and they know when information is out of line

# Rate Adjustment Methodology

- Limits the increase in compensation to 5% unless the Franchise Company can demonstrate a loss from projected operations. If the loss is verified, the Base Rates will be adjusted per the Rate Adjustment Process to allow the contractor a reasonable profit.

# Rate Adjustment Methodology (cont'd.)

- In the review of Turlock Scavenger Area 3, a loss from projected operations was substantiated.
- An additional 1.64% is recommended to allow for a reasonable (5%) profit.

# Proposed Residential Base Rates

- 24,221 subscribers to weekly service
  - 45% will see a 1.54% increase (Bertolotti)
  - 21% will see a 5.00% increase (Gilton)
  - 28% will see a 6.64% increase (Turlock: 3)
  - 6% will see a .19 % increase (Turlock: 4)



# Residential Basic Cart Service\*

	Current	Proposed Base Rates
Bertolotti Disposal (1)	\$23.62	<b>\$23.98</b>
Gilton Solid Waste (2)	\$19.32	<b>\$20.29</b>
Turlock Scavenger (3)	\$20.98	<b>\$22.37</b>
Turlock Scavenger (4)	\$22.32	<b>\$22.36</b>

\*One 90-gallon cart service is the most common service for all three companies

# Proposed Commercial Base Rates

- 2,883 commercial bins in service
  - 43% will see a 1.54% increase
  - 21% will see a 5.00% increase
  - 22% will see a 6.64% increase
  - 14% will see a .19% increase

# 2-yd. Commercial Bin Service\*

	Current	Proposed Base
Bertolotti Disposal (1)	\$85.83	<b>\$87.15</b>
Gilton Solid Waste (2)	\$80.08	<b>\$84.08</b>
Turlock Scavenger (3)	\$66.51	<b>\$70.93</b>
Turlock Scavenger (4)	\$78.88	<b>\$79.03</b>

\*2-yard service 1X/wk. is the most common service for all four companies

# Proposed Drop Box Base Haul Rates

- Requests for service are as-needed
  - 57% will see a 1.54% increase
  - 15% will see a 5.00% increase
  - 19% will see a 6.64% increase
  - 9% will see a .19% increase

# Proposed 20-29 yard Drop-Box Haul Charge\*

Franchise Company	Current	Proposed Base Rates
Bertolotti Disposal (1)	<b>\$204.24</b>	<b>\$207.39</b>
Gilton Solid Waste (2)	<b>\$204.04</b>	<b>\$214.24</b>
Turlock Scavenger (3)	<b>\$185.25</b>	<b>\$197.55</b>
Turlock Scavenger (4)	<b>\$195.16</b>	<b>\$195.53</b>

\*Other Drop Box sizes include 10-19 yard service and 30 yards and up.

# Staff Recommendation

- Approve the recommended Stanislaus County Franchise Maximum Base Rates for refuse collection services in Franchise Areas 1, 2, 3 & 4.

**Questions?**