



**Agenda Item #9  
Amendment No. 9 to  
Unified Franchise Agreement No. A-11631  
Board of Supervisors  
March 10, 2020**

# Recommendation

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- **Approve Amendment No. 9 to the Unified Franchise Agreement (UFA Agreement No. A-11631) to:**
  - **Adjust collection rates and amend Exhibit-1 to reflect adjusted rates/charges retroactive to January 1, 2020.**
  - **Approve and authorize the Director of Health to execute Amendment No. 9**



# Background

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- **Feb. 2, 2010**—Exclusive agreement is awarded Waste Management, Inc. dba USA Waste of California, Inc./Carmel Marina Corp.
- **Nov. 1, 2010**— New agreement takes effect. The New Collection Contract:
  - **Combined two contracts: *2003 Northeastern and 1995 Western Franchise Agreements***
  - **Developed rate structure that includes incentives to reduce disposal and increase recycling**
  - **Increased number of “special services” to minimize illegal dumping**



# The rate adjustment summarized

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- **Definition of terms**

- **RRI=Refuse Rate Index. This is the solid waste industry equivalent of a Consumer Price Index (“CPI”).**
- **WM=Waste Management, Inc. dba USA Waste of California/Carmel Marian Corp.**

**The rate adjustment takes into consideration:**

- 1) The RRI: Labor, Vehicle Replacement, Vehicle Maintenance, Fuel, “Other” costs that can vary annually. These are then “weighted” by how much of the cost makes up the total operating cost for WM**
- 2) Direct costs such as disposal “tip fees” are passed on directly (“pass through” costs)**



# RRI Applied in the MRWMD for WM rates

|  | A   | B           | C                      |
|--|---|-------------|------------------------|
| <u>Operating Costs</u>                         | % Change<br>from RRI Index                    | Item Weight | Weighted % Change      |
| 1. Labor                                       | 2.04%   | 32.89%      | 0.67%                  |
| 2. Diesel Fuel                                 | 33.23%  | 1.43%       | 0.48%                  |
| 3. Vehicle Replacement                         | 3.38%   | 7.57%       | 0.26%                  |
| 4. Vehicle Maintenance                         | 2.66%   | 5.53%       | 0.15%                  |
| 5. All Other                                   | 3.97%   | 31.14%      | 1.24%                  |
| 6. <i>Disposal Cost</i>                        | N/A-no change<br>[% change in Disp. cost/ton] | N/A         |                        |
| 7. <b>Other costs-Recycling<br/>Processing</b> |   |             | Res 4.03%<br>Com 4.14% |
|  |   |             |                        |
| <b>Total</b>                                   |   |             | Res 6.82%<br>Com 6.93% |



# RRI Applied in the SVSWA for WM rates

|  | A                                       | B           | C                 |
|--|---|-------------|-------------------|
| <u>Operating Costs</u>                                       | % Change from RRI Index                 | Item Weight | Weighted % Change |
| 1. Labor   | 2.04%                                   | 28.94%      | 0.59%             |
| 2. Diesel Fuel   | 33.23%                                  | 1.26%       | 0.42%             |
| 3. Vehicle Replacement                                       | 3.38%                                   | 6.66%       | 0.23%             |
| 4. Vehicle Maintenance                                       | 2.66%                                   | 4.87%       | 0.13%             |
| 5. All Other   | 3.97%                                   | 27.40%      | 1.09%             |
| 6. <i>Disposal Cost + AB939*</i>                             | 12.06%*<br>[% change in Disp. cost/ton] | 3.87%       | 0.47%             |
| 7. <i>Additional pass through costs-Recycling Processing</i> |   |             | 5.21%             |
| <b>Total</b>   |   |             | <b>8.13%</b>      |



# Rate Adjustment Examples

| Adjustment   | Service Level                                | Current Monthly Rate | New Monthly Rate | Difference  |
|--|--|----------------------|------------------|---|
| <b>MRWMD</b><br><u>6.82% Res</u><br><u>6.93% Com</u> | 35-gal cart Residential                      | \$31.04              | \$33.16          | \$2.12 per month<br>(\$6.36 total for 1 Invoice)    |
|  | Commercial<br>3 Cubic Yards<br>Once per week | \$277.05             | \$296.25         | \$19.20 per month<br>(\$57.60 total for 1 invoice)  |
| <b>SVSWA</b><br><u>8.13%</u>                         | 35-gal cart Residential                      | \$31.22              | \$33.76          | \$2.54 per month<br>(\$7.62 for 1 invoice)          |
|  | Commercial<br>3 Cubic Yards<br>Once per week | \$410.52             | \$443.88         | \$33.36 per month<br>(\$100.08 total For 1 invoice) |



# Proposed Rate Adjustments

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The rate adjustments were calculated using the Refuse Rate Index (RRI).

**8.13%** Rate *increase* for *all customers* within the Salinas Valley Solid Waste Authority boundaries. Adjustment reflects:

- WM's change in operational costs; no tip fee increase.
- Changes in County's share of the SVSWA's "AB 939" Fee
- Retro-processing elements and one time recycling processing elements





# Proposed Rate Adjustments

The rate adjustments were calculated using the Refuse Rate Index (RRI).

**6.93%** Rate *increase* for *commercial customers* within the Monterey Regional Waste Management District\* boundaries. Adjustment reflects:

- WM's change in operational costs, retro-processing elements and one time recycling processing elements

*\*MRWMD does not charge any other fees to its member agencies.*

**6.82%** Rate *increase* for *residential customers* within the Monterey Regional Waste Management District\* boundaries. Adjustment reflects:

- WM's change in operational costs, retro-processing elements and one time recycling processing elements

*\*MRWMD does not charge any other fees to its member agencies.*



# Recommendation

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- **Approve Amendment No. 9 to the Unified Franchise Agreement (UFA Agreement No. A-11631) to:**
  - **Adjust collection rates via Amendment No. 9 as shown in Exhibit-1 of said amendment**
- **Approve and authorize the Director of Health, or Assistant Director of Health, to execute Amendment No. 9**



