



**Agenda Item #19**  
**Update to**  
**Unified Franchise Agreement No. A-11631**  
**Board of Supervisors**  
**June 23, 2020**

# Summary

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- Waste Management ,Inc. dba Carmel Marina Corp. met with Environmental Health in **January of 2019** to hear County's Five (5) year extension proposal for the Unified Franchise Agreement ("UFA") for solid waste service in unincorporated County
- County and contractor have met frequently to address outstanding items for both parties from January of 2019 to present
- Key points under discussion include: Contractor cost recovery to make them whole; County concerns of illegal dumping, third party audit of Carmel Marina Corp. financial for rate adjustments, and diversion requirements



# Summary

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- Carmel Marina Corp. has provided excellent service over the course of the Agreement including:
  - Frequent community clean up events;
  - Many unpaid service operations such as covering the Sobrannes fire operations
  - On the spur provision of containers/services when asked
  - Customer service resolutions with the local office spearheading complaints as needed



# Summary

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- The COVID-19 pandemic has hampered normal business operations for the Carmel Marina Corp.; the current proposal addresses recovering costs associated with this impact
- A possible extension of five (5) years requires certain cost considerations and capital investment
- Agreement term extended to August 31, 2020 as authorized by the Board this year; County and Contractor are in negotiations to extend for five (5) years as provided for in UFA Article 2
- County is currently receiving data and information needed to bring the Board a final recommendation in July.



# Recommendation

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- **Receive a report to update the Board of Supervisors on current negotiations with Carmel Marina Corp.:**
  - **MC Proposal to extend the Agreement by five (5) years**
  - **Proposal to adjust rates for January 2021 on current market conditions, extraordinary circumstances in regard to operations under the COVID-19 virus, and operational needs of servicing unincorporated Monterey County for five (5) years**
  - **Proposal to edit the current Refuse Rate Index format used for the 2022 rate adjustment and subsequent rate adjustments**



# Historical Process of Rate Adjustment

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- Normally the Health Dept. would come to the BOS in November for a January Rate adjustment
- This proposal would allow Carmel Marina to apply a ONE TIME rate adjustment at 9% effective January 2021 *retro active to July 2020*; the total rate adjustment would be 13.5%--this is an extraordinary adjustment to account for Covid operations and considering the investment needed for a five (5) year service commitment



# Historical Process of Rate Adjustment

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- In 2022 and annually thereafter:
  - The normal annual rate adjustment timeline of asking for Board authorization in November 2021 for a January 2022 adjustment would continue with a modified Refuse Rate Index (RRI)
    - Modified RRI: Incorporates natural gas as an index; adds lines to account for current recycling costs due to market collapse; incorporates bad debt until such debt can be addressed by other means; employee costs, etc. per usual RRI
  - Attempts to make Contractor whole



# Future of Solid Waste

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- Market conditions are not favorable to recycling; China is no longer the world's recycling end point
- State legislation will increase solid waste and recycling rates (SB 1383 Short-Lived Climate Pollutants)
- Southern California rates in some jurisdictions have increased by 20%





# Next Steps

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- Environmental Health/Consultant to Receive and verify data from Carmel Marina Corp.
- Present Amendment for approval on July 28<sup>th</sup> to extend the Agreement when data vetted by Environmental Health & contracted Consultant concurs



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# Questions?

