



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #:	A 12-208	Name:	USA Waste of California
Type:	BoS Agreement	Status:	Passed
File created:	10/29/2012	In control:	Board of Supervisors
On agenda:	11/6/2012	Final action:	11/6/2012

Title: a. Consider adoption of a resolution to approve Amendment No. 2 to the Unified Franchise Agreement (Agreement No. A-11631) between the County of Monterey and USA Waste of California, Inc., dba Carmel Marina Corporation, for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County in order to adjust collection rates as shown in Exhibit 1 “Approved Rates and Charges” of Amendment No. 2 effective January 1, 2013, to implement a rate adjustment as required by contract for services provided by USA Waste of California, Inc., dba Carmel Marina Corporation; and
 b. Approve and authorize the Director of Health to execute Amendment No. 2 to the Unified Franchise Agreement (Agreement No. A-11631) between the County of Monterey and USA Waste of California, Inc., dba Carmel Marina Corporation, for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County.

Sponsors: Ray Bullick

Indexes:

Code sections:

Attachments: 1. EXHIBIT B - RRI WORKSHEETS.pdf, 2. EXHIBIT C - RESOLUTION (2).pdf, 3. Completed Board Order

Date	Ver.	Action By	Action	Result
11/6/2012	1	Board of Supervisors	approved	
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b. Approve and authorize the Director of Health to execute Amendment No. 2 to the Unified Franchise Agreement (Agreement No. A-11631) between the County of Monterey and USA Waste of California, Inc., dba Carmel Marina Corporation, for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Conduct a hearing to:

- a. Consider adoption of a resolution to approve Amendment No. 2 to the Unified Franchise Agreement (Agreement No. A-11631) between the County of Monterey and USA Waste of California, Inc., dba Carmel Marina Corporation, for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County in order to adjust collection rates as shown in Exhibit 1 “Approved Rates and Charges” of Amendment No. 2 effective January 1, 2013, to implement a rate adjustment as required by contract for services provided by USA Waste of California, Inc., dba Carmel Marina Corporation; and
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SUMMARY:

The Director of Health seeks authorization to execute Amendment No. 2 to the Unified Franchise Agreement (UFA) between the County of Monterey and USA Waste of California, Inc., dba Carmel Marina Corporation, also known as Waste Management (Contractor). Amendment No. 2 would amend the UFA at Article 13, Section 13.13 “Adjustments to Service Rates, Surcharges and Fees” to replace the service rates, surcharges and fees set forth in the attachment to Exhibit 1 “Approved Rates and Charges,” of the UFA previously approved and adopted pursuant to Amendment No. 1, with the proposed new attachment to Exhibit 1 “Approved Rates and Charges” of the UFA to reflect a rate adjustment. (Exhibit A).

In accordance with Article 13.13ff of the UFA, Contractor has submitted a request for rate adjustment that, based on the Refuse Rate Index (RRI) computation method set forth in the UFA, justifies an across-the-board rate increase for solid waste and recyclables collection services for each of their three customer categories:

- 3.41 % increase for residential customers
- 2.82 % increase for commercial customers within the jurisdiction of the Monterey Regional Waste Management District (MRWMD)
- 3.85 % increase for commercial customers within the jurisdiction of the Salinas Valley Solid Waste Authority (SVSWA)

The Environmental Health Bureau staff has carefully evaluated Contractor’s request, and believes it to be accurate and in compliance with the UFA. Approval is recommended to remain in compliance with the provisions of the UFA.

DISCUSSION:

On February 2, 2010, the Board of Supervisors awarded the UFA to Contractor. Article 13 “Billing and Payment,” Section 13.13.2 “Annual Rate Adjustment,” at Subsection 13.13.2.1, as amended per UFA Amendment No. 1 on December 13, 2011, provides that: “On January 1, 2012, and annually thereafter, the service rates, fees and surcharges set forth in Exhibit 1 shall be adjusted by multiplying them by the Refuse Rate Index (RRI) percentage adjustment.”

There are numerous means used for calculating fee adjustments in the business and public utility arena. For example, Return on Investment (ROI), Return on Equity (ROE), Guaranteed Profit (GP) and Consumer Price Index (CPI) are common methods of computation. The UFA, however, uses the Refuse Rate Index (RRI) which is a multiple price indexing method designed specifically for adjusting refuse collection rates. The RRI produces a fairer and more equitable rate adjustment than other approaches because it includes only those economic changes that directly affect solid waste and recycling collection costs, such as labor, diesel fuel, vehicle maintenance and replacement, and disposal (tipping fees), rather than including those price changes, as does the CPI, that can affect an entire economy. The RRI computation method has historically resulted in lower consumer fees than those computed using the CPI method. RRI has, at times, actually supported a rate decrease.

The current RRI computations take into consideration tipping fees approved by the MRWMD and SVSWA, which are a direct “pass through” to the rate payers, and also account for increases in Contractor’s actual operating expenses. (Exhibit B). The UFA, at Exhibit 1, “Approved Rates and Charges” provides that the Board may amend said “Approved Rates and Charges” by resolution or ordinance. A proposed resolution is attached. (Exhibit C). Exhibits A, B, and C are on file with the Clerk of the Board.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel has reviewed the Board Report and associated documents

FINANCING:

There is no General Fund Contribution resulting from this Board action. Waste Management will continue to remit franchise fees, calculated at 10% of collected revenue, to the General Fund

Prepared by: Ted Pinson, Management Analyst I, 1297

Approved by: Ray Bullick, Director of Health, 4526

Attachments:

Exhibit A - (Proposed) Amendment No. 2 to UFA and Exhibit 1 Approved Rates and Charges; on file with the Clerk of the Board

Exhibit B - Refuse Rate Index Worksheets; on file with the Clerk of the Board

Exhibit C - (Proposed) Resolution to approve Amendment No. 2 to the UFA (Agreement No. A-11631) and to authorize the Director of Health to execute Amendment No. 2 to the UFA; on file with the Clerk of the Board