

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: Board of Supervisors

Date: June 17, 2014

From: <sup>MD</sup> Mary Dietrich, Facility Services Director

By: Kevin Bell, P.E., Environmental Engineering Program Manager *KRB*

Subject: Garbage Collection Fees in Franchise Areas 1 and 4

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**ACTION REQUESTED :**

1. Approve the Second Amendment to the Solid Waste Handling Services Agreement for Franchise Areas 1 and 4 with Recology Auburn Placer (RAP) postponing the FY 2013-14 Cost of Living Adjustment for an additional year until FY 2015-16 resulting in no increase in garbage collection fees and providing a payment of \$81,696 to RAP funded by Solid Waste Management Budget User Fees, with no net County cost.

**BACKGROUND:** RAP has provided garbage collection services in western Placer County serving Franchise Areas 1 and 4 since 1976. Franchise Areas 1 and 4 include all parts of unincorporated Placer County west of Colfax, including the Foresthill Divide and Iowa Hill Divide (see Exhibit A).

Garbage collection fees included in the Franchise Agreement are made up of the following components:

- The Service Fee that compensates RAP for their labor, equipment and overhead costs. This cost is adjusted bi-annually based on changes in the Employment Cost Index and Producer Price Index.
- The Tipping Fee set by the Western Placer Waste Management Authority (WPWMA) for processing and disposal of the waste. This portion of the fee has not changed for several years.
- The Special Fee used to fund the County's Solid Waste Management Program. The Special Fee in Franchise Areas 1 and 4 is a 7% surcharge applied to every customer's bill.

Under the terms of the Franchise Agreement, RAP is entitled to COLAs in FY 2013-14, 2015-16, 2017-18, 2019-20, and 2021-22. In 2013, your Board approved the First Amendment to the Franchise Agreement to defer the scheduled COLA because we anticipated an increase in the Tipping Fee collected by the WPWMA in FY 2014-15. To accomplish that, a lump sum payment of \$84,416 was paid to RAP in lieu of a 1.07% increase in the Service Fee that would have resulted in an increase to garbage collection fees. However, the WPWMA did not raise the Tipping Fee this year.

While RAP is not entitled to a COLA in FY 2014-15 per the terms of the Franchise Agreement, they are still due the FY 2013-14 COLA which amounts to \$81,696. To accomplish this, staff is recommending the Second Amendment to the Franchise Agreement to enable this payment. Staff has determined that it can absorb the FY 2013-14 COLA within the Solid Waste Management Budget and defer garbage collection fee increases FY 2015-16. Staff anticipates the WPWMA will increase the Tipping Fee in FY 2015-16 which will coincide with the next COLA due to RAP. Prior to FY 2015-16 staff will return to your Board with garbage collection fee adjustments that include the WPWMA increase and the COLAs specified in the Franchise Agreement.

**ENVIRONMENTAL CLEARANCE:** Approval of this Second Amendment is not considered a project under the California Environmental Quality Act (CEQA Guidelines, Section 15378).

**FISCAL IMPACT:** Adequate funding exists in Solid Waste Management Budget for the payment to RAP of \$81,696. The Solid Waste Management Budget is funded primarily through the Special Fee included in the garbage collection fees charged to customers, with no net County cost.

ATTACHMENTS: EXHIBIT A – MAP OF FRANCHISE AREAS 1 AND 4  
SECOND AMENDMENT TO AGREEMENT NO. 11846

MD/KB/WS/LM

CC: COUNTY EXECUTIVE OFFICE

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# Exhibit A - Solid Waste Franchise Areas 1 & 4

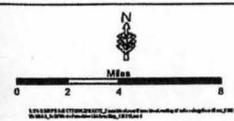
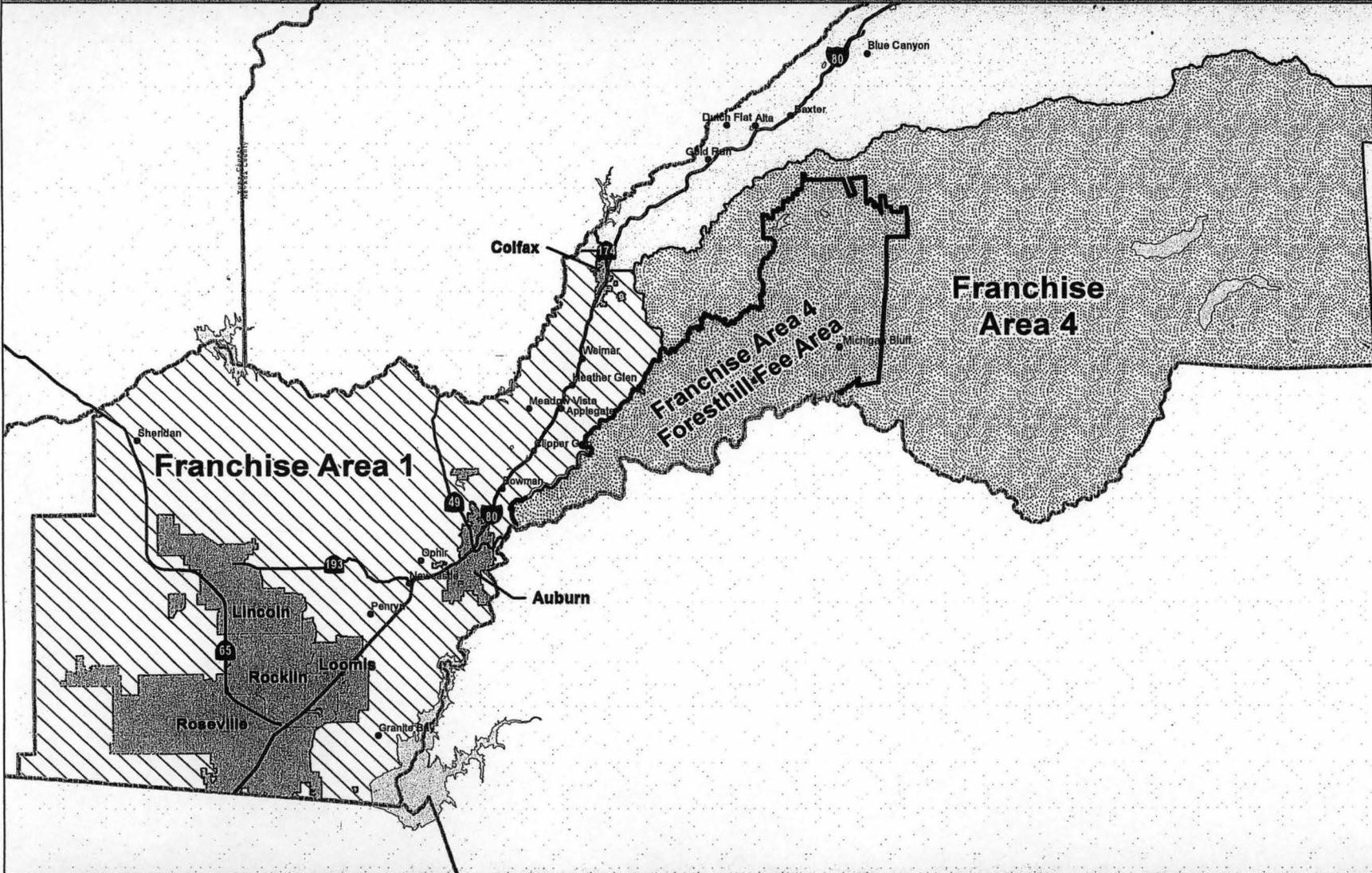


Placer County - Solid Waste Franchise Areas 1 & 4 - Exhibit A -

March 6, 2013

## Legend

-  Franchise Area 1
-  Franchise Area 4
-  Foresthill Fee Area
-  City Boundaries
-  Highway
-  Lakes



345

**AGREEMENT NO. 11846**

**DESCRIPTION: SECOND AMENDMENT TO THE AGREEMENT FOR SOLID WASTE HANDLING SERVICES - 2013/14 COST OF LIVING ADJUSTMENT**

This Second Amendment is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by and between Placer County, hereinafter referred to as the "County," and Recology - Auburn Placer, hereinafter referred to as the "Contractor."

**WITNESSETH**

WHEREAS, on the 9<sup>TH</sup> day of April, 2013, the County and Contractor entered into an Agreement for the collection, transportation, and disposal of Solid Waste in Franchise Areas 1 and 4 (Agreement); and

WHEREAS, on the 20<sup>th</sup> day of August 2013, the Placer County Board of Supervisors approved an amendment to the Solid Waste Handling Services Agreement to include a one-time payment of \$84,416 to offset the 1.07% COLA due to the Contractor for Operating Year 2013/14 on the service fee component of the garbage collection fees and postponed the COLA due to Contractor for fiscal year 2013/14 for one year; and

WHEREAS, the County and Contractor desire to amend the Agreement to include a one-time payment of \$81,696 to offset the 1.07% COLA due to the Contractor and postpone the COLA due to Contractor for fiscal year 2014/15 for one year; and

WHEREAS, the County and Contractor wish to memorialize in this Amendment their agreement regarding the foregoing issues.

NOW, THEREFORE, it is hereby agreed by the parties as follows:

- I. ARTICLE FOUR – PAYMENTS AND RATES: Section 7 "ANNUAL COLA ADJUSTMENT METHODOLOGY," the last paragraph, as added by the First Amendment, shall be revised to read:

"As stated in Section 7, First Paragraph, the Service Component of Collection Fees and Transfer Station Fees shall be adjusted to be effective on July 1<sup>st</sup> of 2013. Contractor has agreed to defer the one point zero seven percent (1.07%) COLA for the Operating Year 2013-2014. In consideration for the Contractor deferring the calculated COLA for one Operating Year, the County shall reimburse the Contractor for projected lost revenue for Operating Year 2013/14 that would have been collected on the increased services fee component of the garbage collection fees, at a lump sum amount of \$84,416. Contractor has agreed to defer the one point zero seven percent (1.07%) COLA for the Operating Year 2013/14 for a second year. In consideration for the contractor deferring the calculated COLA for a second Operating Year, the County shall reimburse the Contractor for projected lost revenue for Operating Year 2014/15 that would have been collected on the increased services fee component of the garbage collection fees, at a lump sum amount of \$81,696. The 1.07% COLA

will be added to the calculated COLA to be effective on July 1<sup>st</sup> of 2015 per the terms of the Agreement."

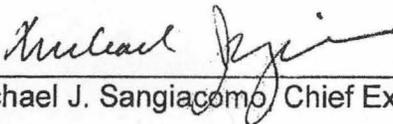
II. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

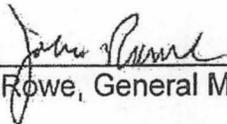
County of Placer (County)

By: \_\_\_\_\_  
Chair, Board of Supervisors

\_\_\_\_\_  
Date

Recology-Auburn Placer (Contractor)

By:   
Michael J. Sangiacomo, Chief Executive Officer

By:   
John Rowe, General Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
County Counsel

BY: \_\_\_\_\_  
Auditor

