

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

To: Honorable Board of Supervisors

Date: July 22, 2014

From: *MD* Mary Dietrich, Facility Services Director

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

Subject: Solid Waste Handling Services in Franchise Areas 2 and 3 – Approval of Deal Points for Agreement Extension

ACTION REQUESTED:

1. Approve Deal Points for an extension to the Agreement with Placer County Eastern Regional Landfill, Inc. and Tahoe Truckee Disposal, Inc. for solid waste handling services in Franchise Areas 2 and 3, which includes unincorporated Placer County east of Colfax to the Nevada state line, and authorize staff to enter into negotiations for the extension, with no net County cost.

BACKGROUND: Since the 1970's Placer County Eastern Regional Sanitary Landfill, Inc. (ERL) and Tahoe Truckee Disposal Co., Inc. (TTD) have provided garbage collection and recycling services for unincorporated Placer County east of Colfax to the Nevada state line (see Exhibit A). Garbage collected by TTD is processed by ERL at the Eastern Regional Material Recovery Facility (ERMRF) where recyclable material is recovered. Residual waste is landfilled at the Lockwood Landfill in Nevada. ERL/TTD have provided excellent, reliable service and have partnered with the County to minimize fee increases by deferring and foregoing cost of living adjustments (COLA) resulting in no tipping fee increases and a cumulative 6% increase in the cost of single can service since 2008.

ERL/TTD's current contract term began in 2003 and is set to expire on June 30, 2015. Over the past two years, County and ERL/TTD staff have participated in a series of meetings and evaluations to develop a deeper understanding of the waste stream and identify processing equipment that can cost effectively increase diversion at the ERMRF. Through this process we have developed the proposed deal points included in Exhibit B which shifts the funding model of the ERMRF operation to be less dependent on the fees paid by our customers and more dependent on the recovery and sale of commodities from the waste stream. This results in sufficient additional revenue that ERL/TTD can fund the processing equipment improvements and the County can build reserves to prepare for anticipated solid waste related regulatory changes while also allowing the County to lower the ERMRF tipping fee from \$77.50 to \$76.00 per ton.

The current garbage collection fees are comparable to neighboring jurisdictions as shown in the fee comparison included as Exhibit C, and are anticipated to be comparatively lower over the term of the extension due to TTD foregoing COLAs every other year. The ERMRF tipping fees are also comparable to neighboring jurisdictions (see Exhibit D) and it is anticipated that increases to the tipping fees over the term of the extension will be minimized as a result of changes to the funding model.

Staff is requesting your Board's approval of the Deal Points and authorization to enter into negotiations for an extension of the Agreement. Upon completion of negotiations, staff will return to your Board with a recommendation regarding approval of an extension. California Public Resources Code Section 40059 allows your Board to contract with ERL and TTD or any other

solid waste handling and collection service providers without following a competitive procurement process.

Options to staff's recommendation include going through a competitive selection process or negotiating with another firm chosen by your Board.

ENVIRONMENTAL CLEARANCE: Approving Deal Points and authorizing staff to negotiate an extension to an existing Agreement is not a "project" as defined under CEQA because your Board is not committing to any specific action. Any environmental clearance for the resulting extension will be addressed at the time the extension is brought back to your Board for approval.

FISCAL IMPACT: Approval of Deal Points and authorizing staff to enter into negotiations for an extension to the existing Agreement has no direct fiscal impact and no net County cost. Any fiscal impacts associated with the resulting extension will be identified at the time the extension is brought back to your Board for approval.

ATTACHMENT: EXHIBIT A – FRANCHISE AREA MAP
EXHIBIT B – PROPOSED DEAL POINTS FOR EXTENSION WITH ERL/TTD
EXHIBIT C – 2014 COLLECTION FEE COMPARISON
EXHIBIT D – 2014 TIPPING FEE COMPARISON

CC: COUNTY EXECUTIVE OFFICE

MD/BZ/WS/LM

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FRANCHISE AREA MAP



Placer County
Solid Waste Franchise Areas

May 8, 2012

Legend

-  Franchise Area 1
-  Franchise Area 2
-  Franchise Area 3
-  Franchise Area 4
-  City Boundaries
-  Interstate
-  State Highway
-  Railroad
-  Lakes

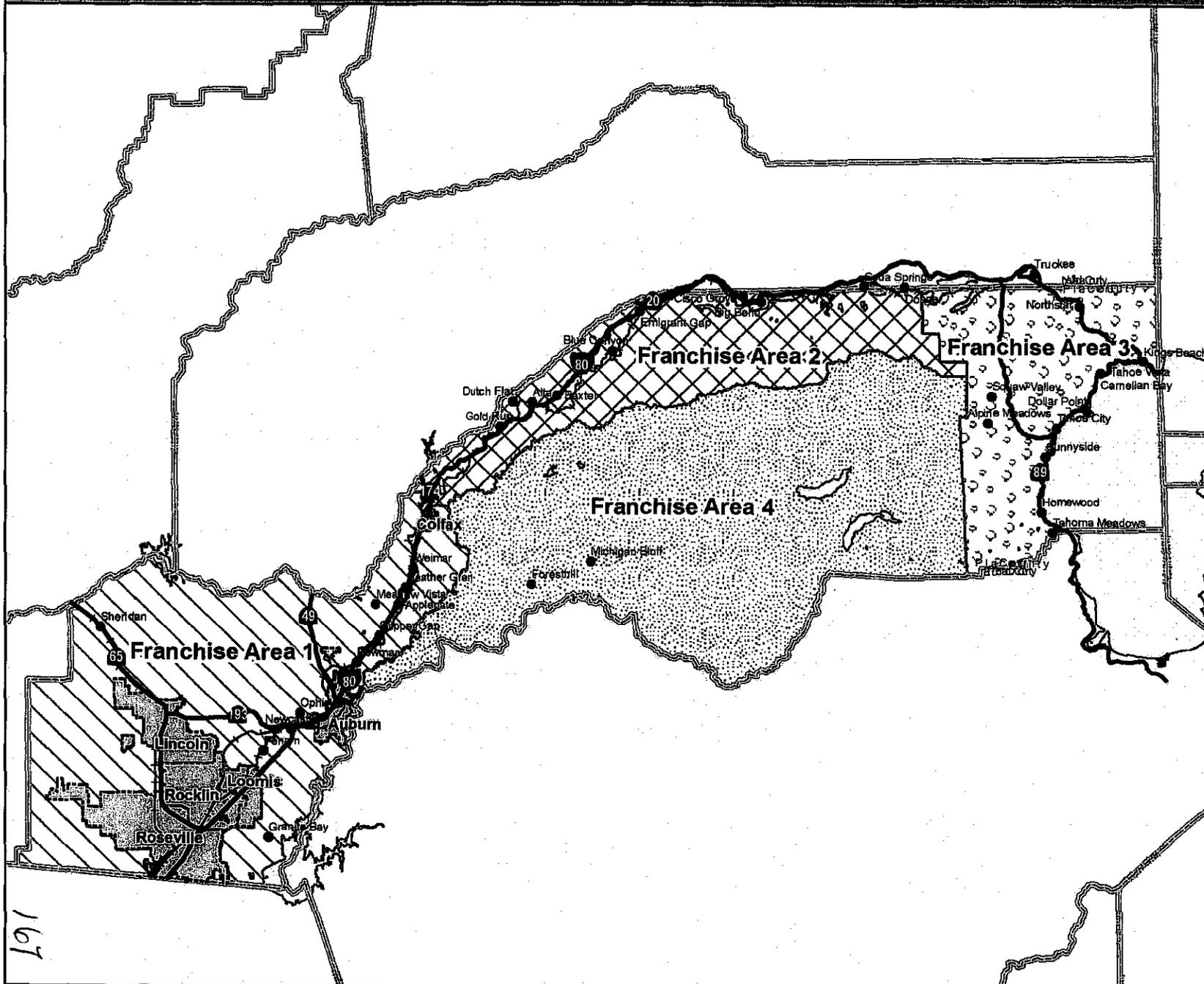


EXHIBIT A



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**Franchise Areas 2 and 3 Solid Waste Handling Services
Proposed Deal Points for Extension with ERL/TTD**

Placer County Eastern Regional Landfill, Inc. (ERL) and Tahoe Truckee Disposal, Inc. (TTD) provide solid waste handling services in Franchise Areas 2 and 3, which includes unincorporated Placer County east of Colfax to the Nevada state line. The proposed Deal Points could provide the framework for an extension of the Agreement between Placer County and ERL/TTD.

1. General

- 1.1 7 year extension
- 1.2 Effective date July 1, 2015

2. ERMRF Operation

- 2.1 ERL to invest \$1.2M in improvements to the processing equipment to increase recovery of recyclables
- 2.2 Increase the guaranteed minimum recovery level (GMRL) of the ERMRF from 18% to 30%
- 2.3 Increase the incentive payment for recycling above the GMRL from \$18.76 to \$26.00 per ton
- 2.4 Decrease the MSW tipping fee from \$77.50 to \$76.00 per ton
- 2.5 Decrease the processing fee paid to ERL for mixed solid waste (MSW), which includes the disposal fee at Lockwood, from \$58.38 to \$52.00 per ton
- 2.6 Increase the inert processing fee from \$5.26 to \$6.10 per cubic yard
- 2.7 Revise the cost of living adjustment (COLA) calculated based on annual average of monthly indices with a floor of 0% (no negative COLAs) and a cap of 4%
- 2.8 Expand HHW collection at ERMRF from 10 events per year to weekly events from May through September and monthly events October through April
- 2.9 TTD to convert residue truck fleet to compressed natural gas (CNG) by the end of the term

3. Garbage Collection

- 3.1 Continue existing garbage collection fee structure with reduced MSW tipping fee
- 3.2 Continue no cost commercial glass, paper, and cardboard programs
- 3.3 Locate an additional community recycling bin in the Tahoe Basin
- 3.4 Revise the COLA to a bi-annual COLA on even calendar years, calculated based on annual average of monthly indices with a floor of 0% (no negative COLAs) and a cap of 4% (TTD will forgo COLA in odd calendar years)
- 3.5 TTD to evaluate and provide for expanded use of bear-proof bins
- 3.6 TTD to work with County staff to develop a CNG infrastructure plan and a schedule to convert the garbage collection fleet to CNG

EXHIBIT C

2014 COLLECTION FEE COMPARISON

SINGLE CAN SERVICE	FEE/MONTH
PLACER COUNTY FRANCHISE AREAS 1 & 4	\$ 17.36
CITY OF AUBURN	\$ 17.38
PLACER COUNTY FRANCHISE AREA 3 (TTD)	\$ 19.29
CITY OF COLFAX	\$ 19.50
CITY OF LINCOLN	\$ 21.18
SIERRA COUNTY*	\$ 22.08
PLACER COUNTY AREA 2 (TTD)	\$ 22.19
TOWN OF TRUCKEE	\$ 22.50
CITY OF ROCKLIN (96 gal)	\$ 24.73
YUBA-SUTTER (3-CART)	\$ 26.53
EL DORADO COUNTY	\$ 27.97
AVERAGE	\$ 21.88

*Annual Parcel Fee of \$265.03

2014 TIPPING FEE COMPARISON

	MIXED SOLID WASTE PER TON	GREEN WASTE PER CY	INERT MATERIALS PER CY
EASTERN REGIONAL MATERIAL RECOVERY FACILITY	\$77.50	\$5.90	\$5.90
WESTERN PLACER WASTE MANAGEMENT AUTHORITY	\$68.00	\$6.00	\$12.00
SOUTH TAHOE REFUSE AND RECYCLING	\$102.43	\$12.60	\$20.85
McCOURTNEY ROAD TRANSFER STATION*	\$71.10	\$10.75	
AVERAGE	\$79.76	\$8.81	\$12.92

*In addition, all property owners are charged a parcel fee of \$59.40/year to maintain the solid waste program