

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

To: **BOARD OF SUPERVISORS**

Date: **AUGUST 20, 2013**

From: *MD* **MARY DIETRICH / BILL ZIMMERMAN** *BZ*

Subject: **GARBAGE COLLECTION FEES IN FRANCHISE AREAS 1 AND 4**

**ACTION REQUESTED / RECOMMENDED:**

1. Approve the First Amendment to the Solid Waste Handling Services Agreement for Franchise Areas 1 and 4 (Franchise Agreement) with Recology-Auburn Placer to postpone the FY 2013/14 Cost of Living Adjustment (COLA) for one year resulting in no increase in garbage collection fees in FY 2013/14. In lieu of increasing garbage collection fees the First Amendment includes a one-time payment of \$84,416 to Recology-Auburn Placer funded by Solid Waste Management Budget User Fees, with no net county cost.

**BACKGROUND:** Recology-Auburn Placer (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 and Iowa Hill Divides (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 based on changes in the Employment Cost Index and Producer Price Index.
- The Tipping Fee for mixed solid waste that is set by the Western Placer Waste Management Authority. This portion of the fee has not changed for several years.
- The Special Fee used to fund management of the County's Solid Waste programs and is applied as a surcharge to every customer's bill. The Special Fee in Garbage Collection Franchise Areas 1 and 4 is 7 percent.

Under the terms of the Franchise Agreement, RAP is entitled to a 1.07 percent COLA on the Service Fee for FY 2013/14. The proposed First Amendment to the Franchise Agreement postpones the FY 2013/14 COLA for one year. In lieu of raising garbage collection fees this year, the First Amendment includes a one-time payment of \$84,416 to RAP to offset the calculated value of the COLA. The postponed FY2013/14 COLA of 1.07 percent will be included in the proposed garbage collection fee adjustments that staff will present to your Board for consideration in the spring of 2014.

As the First Amendment does not require adjusting the fees charged to customers in Franchise Area 4, where service is mandatory, the requirements of Proposition 218 are not applicable.

**ENVIRONMENTAL CLEARANCE:** Approval of this First 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 one-time payment to RAP of \$84,416. 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.

MD:BZ:WS:LM

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

CC: COUNTY EXECUTIVE OFFICE

T:\FAC\BSMEMO2013\EE\ RAP FEES MEMO 2013-14

# Exhibit A - Solid Waste Franchise Areas 1 & 4

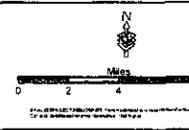
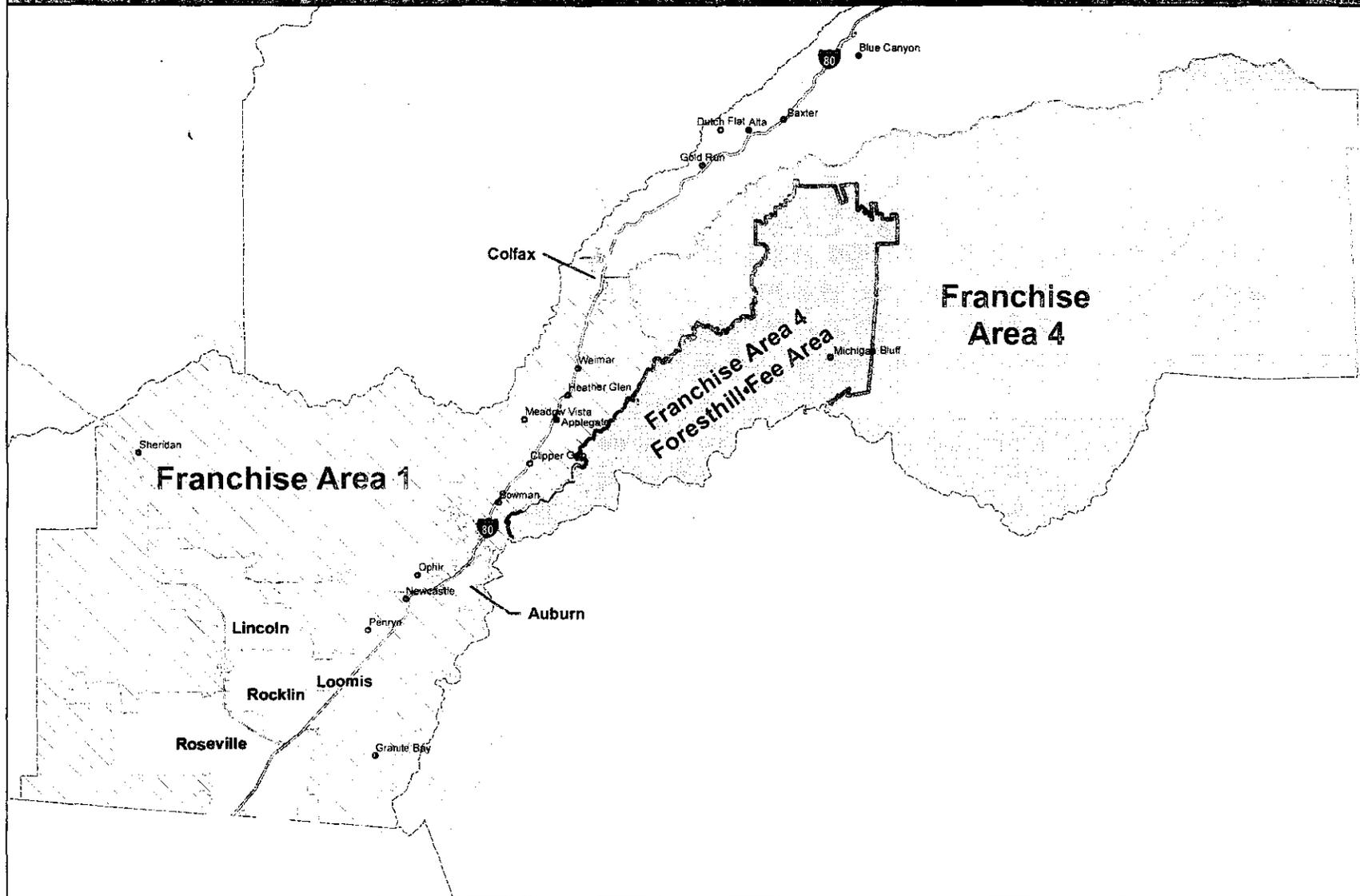


Placer County - Solid Waste Franchise Areas 1 & 4 - Exhibit A -

March 6, 2013

## Legend

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



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**AGREEMENT NO. 11846**

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

This First Amendment is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, 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, the Contractor is entitled to a COLA of 1.07% for Operating Year 2013/14 on the service fee component of the garbage collection fees as calculated per the Agreement; and

WHEREAS, the County and Contractor desire to Amend the Agreement to include a one-time payment of \$84,416 to offset the COLA due to the Contractor and postpone the COLA due to Contractor for fiscal year 2013/14 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 shall be revised by adding the following paragraph after the last paragraph:

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.

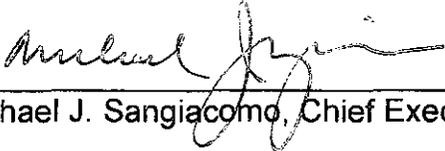
- II. All other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

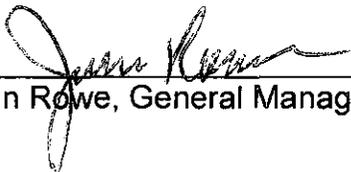
County of Placer (County)

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

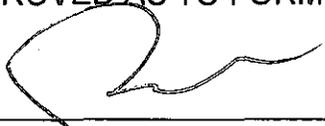
\_\_\_\_\_ Date

Recology-Auburn Placer (Contractor)

By:  \_\_\_\_\_  
Michael J. Sangiacomo, Chief Executive Officer

By:  \_\_\_\_\_  
John Rowe, General Manager

APPROVED AS TO FORM:

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

APPROVED AS TO FUNDS:

By:  \_\_\_\_\_  
Placer County Auditor