

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Environmental Resources

BOARD AGENDA: 6.1
AGENDA DATE: June 26, 2018

SUBJECT:

Conduct a Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Base Rates for Solid Waste Services

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0345

On motion of Supervisor Chiesa Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Monteith, and Vice-Chairman Withrow

Noes: Supervisors: None


Excused or Absent: Supervisors: Chairman DeMartini

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST:



ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Environmental Resources

BOARD AGENDA:6.1
AGENDA DATE: June 26, 2018

CONSENT

CEO CONCURRENCE: YES

4/5 Vote Required: Yes

SUBJECT:

Conduct a Public Hearing to Consider Adjustments to the Stanislaus County Franchise Maximum Base Rates for Solid Waste Services

STAFF RECOMMENDATION:

1. Conduct a public hearing to consider adjustments to the Stanislaus County Franchise Maximum Rates for solid waste collection services.
2. Approve the proposed adjustments to Stanislaus County Franchise maximum Rates for solid waste collection services in Franchise Areas 1, 2, 3 and 4 effective July 1, 2018.

DISCUSSION:

The unincorporated portions of Stanislaus County are divided into four separate franchise refuse hauling areas (Franchise Areas), each of which contain a mix of residential, commercial, and drop box customers. These four Franchise Areas cover the following residential communities: Area 1 - Salida, Keyes, Crows Landing, Grayson, and Westley; Area 2: Knights Ferry and Valley Home; Area 3: Denair, Empire, Hickman, and La Grange; and Area 4: primarily includes the unincorporated pockets within the City of Turlock (Attachment 2). In exchange for a franchise fee, the hauler receives the exclusive right to the residential and commercial accounts within their respective area, while Stanislaus County retains the ability to regulate the haulers and set the maximum rates that can be charged. In addition, the Board of Supervisors also sets the franchise maximum haul rates for drop box customers.

On November 4, 2008, the Board adopted a new Refuse Rate Adjustment Process and approved the Base Rates, which set the maximum franchise rates for solid waste collection services in the unincorporated areas of Stanislaus County beginning July 1, 2009. In addition, the Board approved a new methodology for the annual adjustment of these Base Rates. For four consecutive years, beginning with July 1, 2009, the Base Rates may be increased or decreased according to the appropriate consumer price index. Every fifth year, a detailed cost of service study will be repeated to determine new Base Rates, followed by another four years of index-based adjustments.

On October 11, 2017, the Department sent out a Request for Quote (RFQ) to three consulting firms to provide expert solid waste professional services for refuse rate adjustments in the four unincorporated franchise areas. R3 Consulting Group Inc. (R3),

was awarded the contract and entered into a professional service agreement on February 1, 2018.

Over the past few months, Department staff and R3 consultants have reviewed the three Franchise companies' rate applications and financial statements. Department staff and R3 consultants conducted meetings with all three franchise collection companies to clarify, review, and request additional information not submitted in their application and financial statements.

R3 consultants evaluated the information gathered from the meetings along with supplemental information provided by the Department and franchise collection companies and submitted their findings and recommendations to the Department. Based on this information, in conjunction with the parameters in the Refuse Rate Adjustment Process, the Department has established the proposed Maximum Base Rates for the four franchise areas that are set to commence on July 1, 2018.

The Rate Adjustment Process limits an increase in compensation to 5% unless the franchise collection company can demonstrate a loss from projected operations. If such a loss is verified, the Maximum Base Rates will be adjusted per the Rate Adjustment Process to allow the franchise collection company a reasonable profit.

The review of the franchise collection companies' costs of operations resulted in the following recommendations: Bertolotti Disposal's Area 1, a moderate increase of 2.89% among all lines of business (residential, commercial and drop box haul charge); Gilton Solid Waste's Area 2, a small increase in costs that necessitates a 0.47% increase among all lines of business; and Turlock Scavenger's Area 4, resulted in a 2.98% decrease among all lines of business. In the review of Turlock Scavenger's Area 3 cost of operations and after performing a reasonable profit test, a maximum rate increase of 5% is recommended. The proposed Maximum Base Rates, which sets the maximum franchise collection rates, are presented in Attachment 1.

POLICY ISSUE:

A public hearing held by the Board of Supervisors is required prior to adjusting the proposed Maximum Base Rates for solid waste collection services.

FISCAL IMPACT:

The net change in estimated revenue for the franchise collection companies from the proposed Maximum Base Rates for Fiscal Year 2018-2019 will be approximately \$349,800, which will increase County revenue through the 8% franchise fees by approximately \$27,984.

BOARD OF SUPERVISORS' PRIORITY:

The recommended action is consistent with the Board's priorities of *Supporting Community Health, Delivering Efficient Public Services and Community Infrastructure* by providing adequate countywide refuse collection in Stanislaus County.

STAFFING IMPACT:

Existing staff will support the necessary administrative functions associated with this recommended action.

CONTACT PERSON:

Jami Aggers, Director of Environmental Resources
Merry Mayhew, Assistant Director

Telephone: 209-525-6770
209-525-6700

ATTACHMENT(S):

1. Proposed Maximum Base Rates
2. Franchise Area Map

**PROPOSED MAXIMUM RESIDENTIAL BASE RATES INCLUDING CURBSIDE RECYCLING
AND BULKY ITEM PROGRAM**

BERTOLOTTI DISPOSAL - FRANCHISE AREA #1

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 can	\$17.38	\$17.88	2.89%
2 cans	\$25.32	\$26.05	2.89%
Add'l. can	\$12.66	\$13.03	2.89%
60 gal. cart	\$17.38	\$17.88	2.89%
90 gal. cart	\$25.32	\$26.05	2.89%
Add'l. cart	\$15.45	\$15.90	2.89%

GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 can	\$12.33	\$12.39	0.47%
2 cans	\$21.33	\$21.43	0.47%
Add'l. can	\$10.66	\$10.71	0.47%
30 gal. cart	\$14.83	\$14.90	0.47%
60 gal. cart	\$16.63	\$16.71	0.47%
90 gal. cart	\$21.33	\$21.43	0.47%
Add'l. cart	\$13.00	\$13.06	0.47%

TURLOCK SCAVENGER - FRANCHISE AREA #3

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 can	\$15.29	\$16.05	5.00%
2 cans	\$23.52	\$24.70	5.00%
Add'l. can	\$10.86	\$11.40	5.00%
60 gal. cart	\$15.29	\$16.05	5.00%
90 gal. cart	\$23.52	\$24.70	5.00%
Add'l. cart	\$15.29	\$16.05	5.00%

TURLOCK SCAVENGER - FRANCHISE AREA #4

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 can	\$16.40	\$15.91	-2.98%
2 cans	\$23.46	\$22.76	-2.98%
Add'l. can	\$11.73	\$11.38	-2.98%
60 gal. cart	\$16.40	\$15.91	-2.98%
90 gal. cart	\$23.46	\$22.76	-2.98%
Add'l. cart	\$14.30	\$13.87	-2.98%

PROPOSED COMMERCIAL BIN RATES
BERTOLOTTI DISPOSAL - FRANCHISE AREA #1

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 62.42	\$ 64.22	2.89%
1 yd., 2 X week	\$ 124.83	\$ 128.44	2.89%
1 yd., 3 X week	\$ 187.26	\$ 192.67	2.89%
1 yd., 4 X week	\$ 249.68	\$ 256.90	2.89%
1 yd., 5 X week	\$ 312.09	\$ 321.11	2.89%
1 yd., 6 X week	\$ 374.50	\$ 385.32	2.89%
1 yd., 7 X week	\$ 436.93	\$ 449.56	2.89%
1.5 yd., 1 X week	\$ 78.79	\$ 81.07	2.89%
1.5 yd., 2 X week	\$ 157.59	\$ 162.14	2.89%
1.5 yd., 3 X week	\$ 236.38	\$ 243.21	2.89%
1.5 yd., 4 X week	\$ 315.15	\$ 324.26	2.89%
1.5 yd., 5 X week	\$ 393.96	\$ 405.35	2.89%
1.5 yd., 6 X week	\$ 472.75	\$ 486.41	2.89%
1.5 yd., 7 X week	\$ 551.55	\$ 567.49	2.89%
2 yd., 1 X week	\$ 92.04	\$ 94.70	2.89%
2 yd., 2 X week	\$ 184.06	\$ 189.38	2.89%
2 yd., 3 X week	\$ 276.10	\$ 284.08	2.89%
2 yd., 4 X week	\$ 368.11	\$ 378.75	2.89%
2 yd., 5 X week	\$ 460.15	\$ 473.45	2.89%
2 yd., 6 X week	\$ 552.19	\$ 568.15	2.89%
2 yd., 7 X week	\$ 644.19	\$ 662.81	2.89%
3 yd., 1 X week	\$ 108.10	\$ 111.22	2.89%
3 yd., 2 X week	\$ 216.22	\$ 222.47	2.89%
3 yd., 3 X week	\$ 324.30	\$ 333.67	2.89%
3 yd., 4 X week	\$ 432.41	\$ 444.91	2.89%
3 yd., 5 X week	\$ 540.51	\$ 556.13	2.89%
3 yd., 6 X week	\$ 648.61	\$ 667.35	2.89%
3 yd., 7 X week	\$ 756.73	\$ 778.60	2.89%
4 yd., 1 X week	\$ 134.01	\$ 137.88	2.89%
4 yd., 2 X week	\$ 268.02	\$ 275.77	2.89%
4 yd., 3 X week	\$ 402.02	\$ 413.64	2.89%
4 yd., 4 X week	\$ 536.04	\$ 551.53	2.89%
4 yd., 5 X week	\$ 670.05	\$ 689.41	2.89%
4 yd., 6 X week	\$ 804.06	\$ 827.30	2.89%
4 yd., 7 X week	\$ 938.08	\$ 965.19	2.89%
6 yd., 1 X week	\$ 185.83	\$ 191.20	2.89%
6 yd., 2 X week	\$ 371.65	\$ 382.39	2.89%
6 yd., 3 X week	\$ 557.48	\$ 573.59	2.89%
6 yd., 4 X week	\$ 743.29	\$ 764.77	2.89%
6 yd., 5 X week	\$ 929.12	\$ 955.97	2.89%
6 yd., 6 X week	\$ 1,114.94	\$ 1,147.16	2.89%
6 yd., 7 X week	\$ 1,300.77	\$ 1,338.36	2.89%

PROPOSED COMMERCIAL BIN RATES
GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 71.15	\$ 71.48	0.47%
1 yd., 2 X week	\$ 142.33	\$ 143.00	0.47%
1 yd., 3 X week	\$ 213.49	\$ 214.49	0.47%
1 yd., 4 X week	\$ 284.66	\$ 286.00	0.47%
1 yd., 5 X week	\$ 355.81	\$ 357.48	0.47%
1 yd., 6 X week	\$ 426.97	\$ 428.98	0.47%
1 yd., 7 X week	\$ 498.13	\$ 500.47	0.47%
1.5 yd., 1 X week	\$ 80.76	\$ 81.14	0.47%
1.5 yd., 2 X week	\$ 161.53	\$ 162.29	0.47%
1.5 yd., 3 X week	\$ 242.29	\$ 243.43	0.47%
1.5 yd., 4 X week	\$ 323.02	\$ 324.54	0.47%
1.5 yd., 5 X week	\$ 403.80	\$ 405.70	0.47%
1.5 yd., 6 X week	\$ 484.56	\$ 486.84	0.47%
1.5 yd., 7 X week	\$ 565.32	\$ 567.98	0.47%
2 yd., 1 X week	\$ 88.35	\$ 88.77	0.47%
2 yd., 2 X week	\$ 176.73	\$ 177.56	0.47%
2 yd., 3 X week	\$ 265.08	\$ 266.33	0.47%
2 yd., 4 X week	\$ 353.45	\$ 355.11	0.47%
2 yd., 5 X week	\$ 441.83	\$ 443.91	0.47%
2 yd., 6 X week	\$ 530.18	\$ 532.67	0.47%
2 yd., 7 X week	\$ 618.54	\$ 621.45	0.47%
3 yd., 1 X week	\$ 92.89	\$ 93.33	0.47%
3 yd., 2 X week	\$ 185.77	\$ 186.64	0.47%
3 yd., 3 X week	\$ 278.67	\$ 279.98	0.47%
3 yd., 4 X week	\$ 371.56	\$ 373.31	0.47%
3 yd., 5 X week	\$ 464.46	\$ 466.64	0.47%
3 yd., 6 X week	\$ 557.33	\$ 559.95	0.47%
3 yd., 7 X week	\$ 650.24	\$ 653.30	0.47%
4 yd., 1 X week	\$ 102.63	\$ 103.11	0.47%
4 yd., 2 X week	\$ 205.24	\$ 206.20	0.47%
4 yd., 3 X week	\$ 307.88	\$ 309.33	0.47%
4 yd., 4 X week	\$ 410.56	\$ 412.49	0.47%
4 yd., 5 X week	\$ 513.13	\$ 515.54	0.47%
4 yd., 6 X week	\$ 615.76	\$ 618.65	0.47%
4 yd., 7 X week	\$ 718.41	\$ 721.79	0.47%
6 yd., 1 X week	\$ 124.09	\$ 124.67	0.47%
6 yd., 2 X week	\$ 248.13	\$ 249.30	0.47%
6 yd., 3 X week	\$ 372.23	\$ 373.98	0.47%
6 yd., 4 X week	\$ 496.31	\$ 498.64	0.47%
6 yd., 5 X week	\$ 620.37	\$ 623.29	0.47%
6 yd., 6 X week	\$ 744.45	\$ 747.95	0.47%
6 yd., 7 X week	\$ 868.54	\$ 872.62	0.47%

PROPOSED COMMERCIAL BIN RATES
TURLOCK SCAVENGER - FRANCHISE AREA #3

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 58.35	\$ 61.27	5.00%
1 yd., 2 X week	\$ 116.70	\$ 122.54	5.00%
1 yd., 3 X week	\$ 175.03	\$ 183.78	5.00%
1 yd., 4 X week	\$ 233.37	\$ 245.04	5.00%
1 yd., 5 X week	\$ 291.72	\$ 306.31	5.00%
1 yd., 6 X week	\$ 350.08	\$ 367.58	5.00%
1 yd., 7 X week	\$ 408.41	\$ 428.83	5.00%
1.5 yd., 1 X week		\$ -	5.00%
1.5 yd., 2 X week		\$ -	5.00%
1.5 yd., 3 X week		\$ -	5.00%
1.5 yd., 4 X week		\$ -	5.00%
1.5 yd., 5 X week		\$ -	5.00%
1.5 yd., 6 X week		\$ -	5.00%
1.5 yd., 7 X week		\$ -	5.00%
2 yd., 1 X week	\$ 74.81	\$ 78.55	5.00%
2 yd., 2 X week	\$ 149.57	\$ 157.05	5.00%
2 yd., 3 X week	\$ 224.36	\$ 235.58	5.00%
2 yd., 4 X week	\$ 299.15	\$ 314.11	5.00%
2 yd., 5 X week	\$ 373.96	\$ 392.66	5.00%
2 yd., 6 X week	\$ 448.74	\$ 471.18	5.00%
2 yd., 7 X week	\$ 523.51	\$ 549.69	5.00%
3 yd., 1 X week	\$ 84.25	\$ 88.46	5.00%
3 yd., 2 X week	\$ 168.46	\$ 176.88	5.00%
3 yd., 3 X week	\$ 252.71	\$ 265.35	5.00%
3 yd., 4 X week	\$ 336.93	\$ 353.78	5.00%
3 yd., 5 X week	\$ 421.22	\$ 442.28	5.00%
3 yd., 6 X week	\$ 505.43	\$ 530.70	5.00%
3 yd., 7 X week	\$ 589.68	\$ 619.16	5.00%
4 yd., 1 X week	\$ 92.52	\$ 97.15	5.00%
4 yd., 2 X week	\$ 185.06	\$ 194.31	5.00%
4 yd., 3 X week	\$ 277.57	\$ 291.45	5.00%
4 yd., 4 X week	\$ 369.80	\$ 388.29	5.00%
4 yd., 5 X week	\$ 462.62	\$ 485.75	5.00%
4 yd., 6 X week	\$ 555.14	\$ 582.90	5.00%
4 yd., 7 X week	\$ 647.66	\$ 680.04	5.00%
6 yd., 1 X week	\$ 99.77	\$ 104.76	5.00%
6 yd., 2 X week	\$ 199.54	\$ 209.52	5.00%
6 yd., 3 X week	\$ 299.31	\$ 314.28	5.00%
6 yd., 4 X week	\$ 399.05	\$ 419.00	5.00%
6 yd., 5 X week	\$ 498.83	\$ 523.77	5.00%
6 yd., 6 X week	\$ 598.59	\$ 628.52	5.00%
6 yd., 7 X week	\$ 698.37	\$ 733.29	5.00%

PROPOSED COMMERCIAL BIN RATES
TURLOCK SCAVENGER - FRANCHISE AREA #4

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
1 yd., 1 X week	\$ 62.10	\$ 60.25	-2.98%
1 yd., 2 X week	\$ 124.21	\$ 120.51	-2.98%
1 yd., 3 X week	\$ 186.31	\$ 180.76	-2.98%
1 yd., 4 X week	\$ 248.40	\$ 241.00	-2.98%
1 yd., 5 X week	\$ 310.51	\$ 301.26	-2.98%
1 yd., 6 X week	\$ 372.61	\$ 361.51	-2.98%
1 yd., 7 X week	\$ 434.70	\$ 421.75	-2.98%
1.5 yd., 1 X week	\$ 81.25	\$ 78.83	-2.98%
1.5 yd., 2 X week	\$ 162.47	\$ 157.63	-2.98%
1.5 yd., 3 X week	\$ 243.75	\$ 236.49	-2.98%
1.5 yd., 4 X week	\$ 324.99	\$ 315.31	-2.98%
1.5 yd., 5 X week	\$ 406.22	\$ 394.11	-2.98%
1.5 yd., 6 X week	\$ 487.47	\$ 472.94	-2.98%
1.5 yd., 7 X week	\$ 568.72	\$ 551.77	-2.98%
2 yd., 1 X week	\$ 83.28	\$ 80.80	-2.98%
2 yd., 2 X week	\$ 166.52	\$ 161.56	-2.98%
2 yd., 3 X week	\$ 249.81	\$ 242.37	-2.98%
2 yd., 4 X week	\$ 333.06	\$ 323.11	-2.98%
2 yd., 5 X week	\$ 416.34	\$ 403.93	-2.98%
2 yd., 6 X week	\$ 499.59	\$ 484.70	-2.98%
2 yd., 7 X week	\$ 582.87	\$ 565.50	-2.98%
3 yd., 1 X week	\$ 88.33	\$ 85.70	-2.98%
3 yd., 2 X week	\$ 176.65	\$ 171.39	-2.98%
3 yd., 3 X week	\$ 264.97	\$ 257.07	-2.98%
3 yd., 4 X week	\$ 353.28	\$ 342.75	-2.98%
3 yd., 5 X week	\$ 441.60	\$ 428.44	-2.98%
3 yd., 6 X week	\$ 529.92	\$ 514.13	-2.98%
3 yd., 7 X week	\$ 618.23	\$ 599.81	-2.98%
4 yd., 1 X week	\$ 106.66	\$ 103.48	-2.98%
4 yd., 2 X week	\$ 213.31	\$ 206.95	-2.98%
4 yd., 3 X week	\$ 319.98	\$ 310.44	-2.98%
4 yd., 4 X week	\$ 426.65	\$ 413.69	-2.98%
4 yd., 5 X week	\$ 533.32	\$ 517.43	-2.98%
4 yd., 6 X week	\$ 639.97	\$ 620.90	-2.98%
4 yd., 7 X week	\$ 746.64	\$ 724.39	-2.98%
6 yd., 1 X week	\$ 137.07	\$ 132.99	-2.98%
6 yd., 2 X week	\$ 274.12	\$ 265.95	-2.98%
6 yd., 3 X week	\$ 411.19	\$ 398.94	-2.98%
6 yd., 4 X week	\$ 548.25	\$ 531.91	-2.98%
6 yd., 5 X week	\$ 685.31	\$ 664.89	-2.98%
6 yd., 6 X week	\$ 822.38	\$ 797.87	-2.98%
6 yd., 7 X week	\$ 959.45	\$ 930.86	-2.98%

PROPOSED MAXIMUM DROP-BOX HAUL CHARGES

BERTOLOTTI DISPOSAL - FRANCHISE AREA #1

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 159.64	\$ 164.25	2.89%
20 - 29 yrd.	\$ 210.68	\$ 216.77	2.89%
30 yrd. & up	\$ 249.77	\$ 256.99	2.89%

GILTON SOLID WASTE MANAGEMENT - FRANCHISE AREA #2

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 163.38	\$ 164.15	0.47%
20 - 29 yrd.	\$ 213.89	\$ 214.90	0.47%
30 yrd. & up	\$ 253.66	\$ 254.85	0.47%

TURLOCK SCAVENGER - FRANCHISE AREA #3

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 199.06	\$ 209.01	5.00%
20 - 29 yrd.	\$ 199.06	\$ 209.01	5.00%
30 yrd. & up	\$ 199.06	\$ 209.01	5.00%

TURLOCK SCAVENGER - FRANCHISE AREA #4

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
10 - 19 yrd.	\$ 149.76	\$ 145.30	-2.98%
20 - 29 yrd.	\$ 196.83	\$ 190.96	-2.98%
30 yrd. & up	\$ 233.20	\$ 226.25	-2.98%

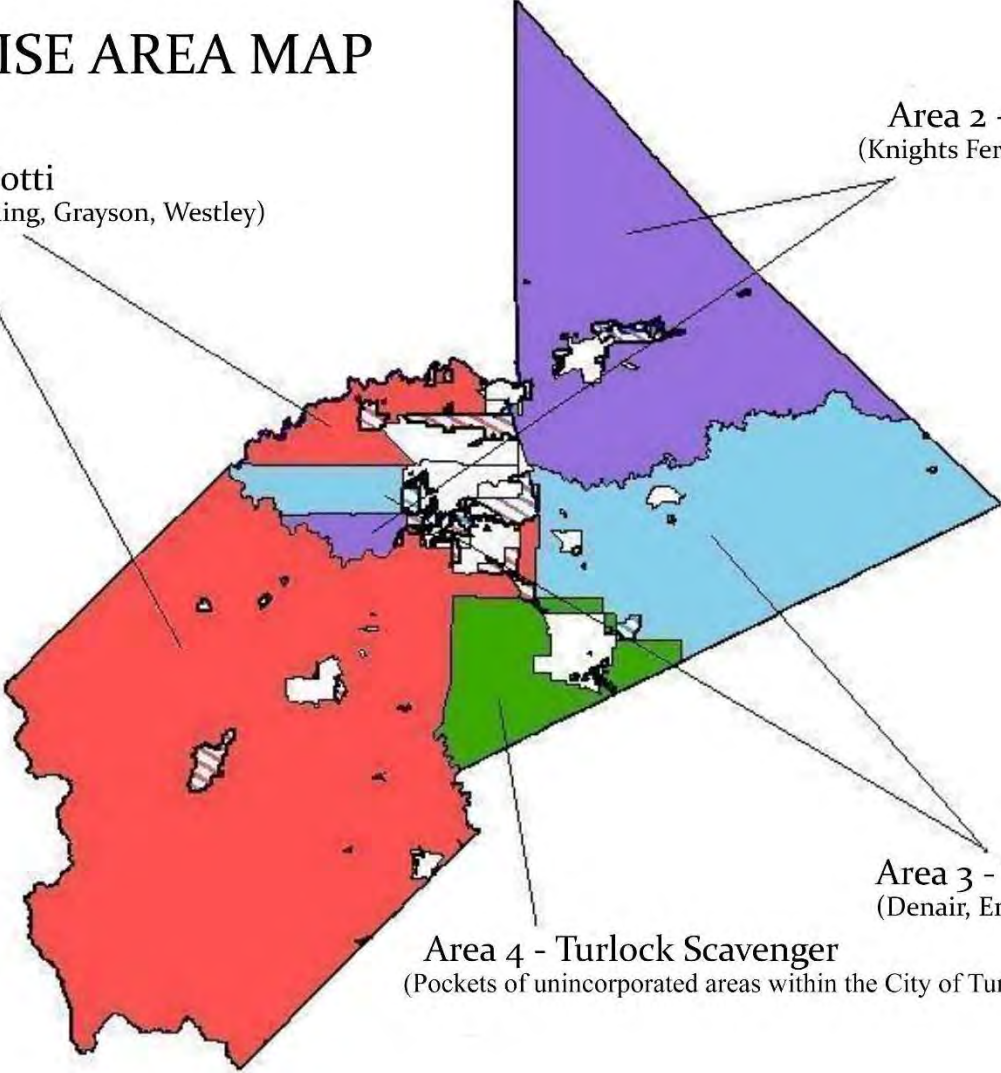
SPECIAL SERVICES - RESIDENTIAL "SPECIALS" & COMMERCIAL BINS

Service	Approved Rates ('17-'18)	Proposed Base Rates ('18-'19)	Net Change (Current vs. Proposed)
3 yrd. Bin	\$83.10	\$87.26	5.00%
4 yrd. Bin	\$90.66	\$95.19	5.00%
6 yrd. Bin	\$98.21	\$103.12	5.00%

FRANCHISE AREA MAP

Area 1 - Bertolotti
(Salida, Keyes, Crows Landing, Grayson, Westley)

Area 2 - Gilton
(Knights Ferry, Valley Home)



Area 3 - Turlock Scavenger
(Denair, Empire, Hickman, La Grange)

Area 4 - Turlock Scavenger
(Pockets of unincorporated areas within the City of Turlock)

Proposed Refuse Collection Rates 2018-2019

Jami Aggers, Director

Merry Mayhew, Assistant Director

Department of Environmental Resources and Parks & Recreation

June 26, 2018

FRANCHISE AREA MAP

Area 1 - Bertolotti

(Salida, Keyes, Crows Landing, Grayson, Westley)

Area 2 - Gilton

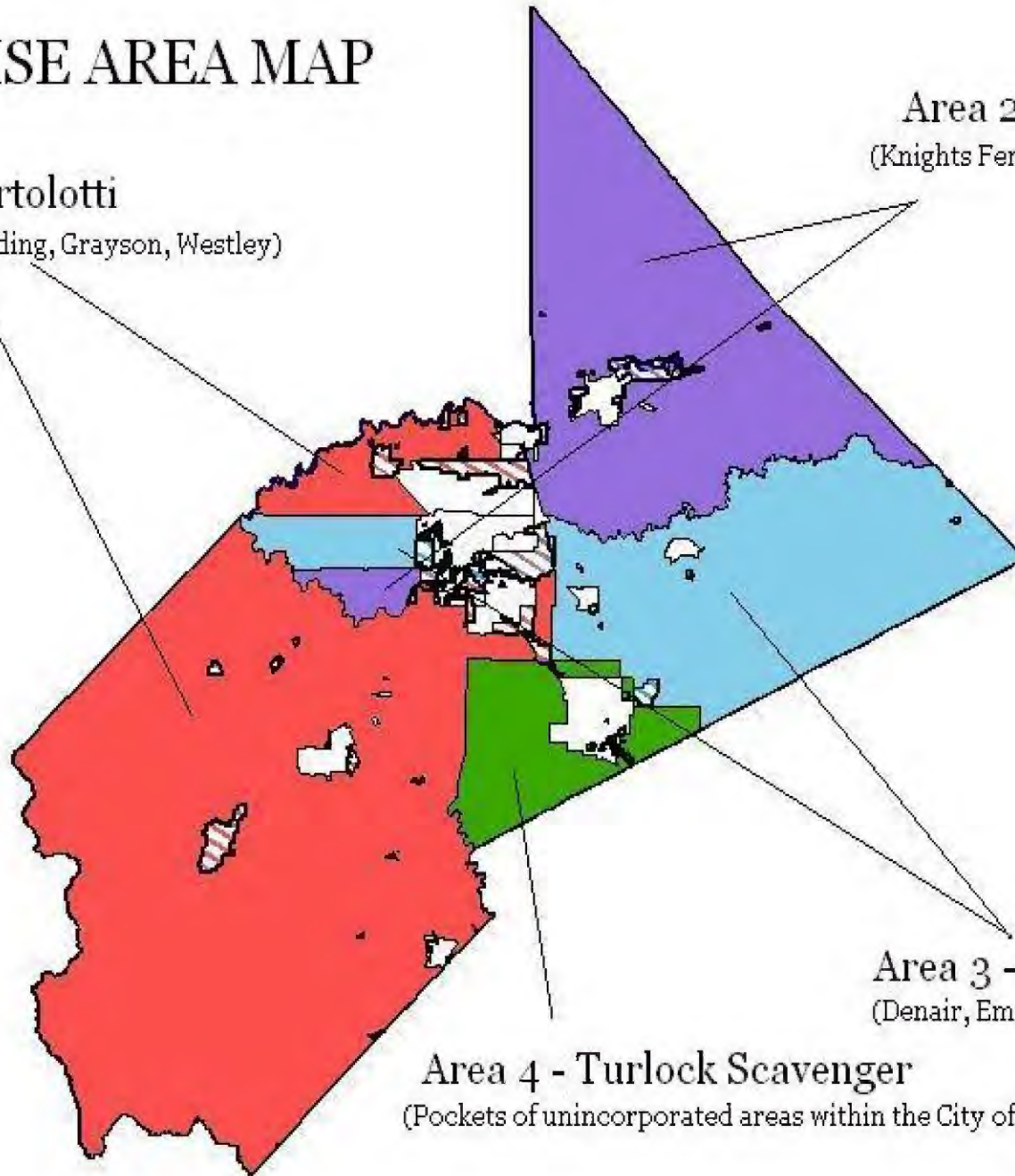
(Knights Ferry, Valley Home)

Area 3 - Turlock Scavenger

(Denair, Empire, Hickman, La Grange)

Area 4 - Turlock Scavenger

(Pockets of unincorporated areas within the City of Turlock)



Franchise Areas

- Each franchise area has a mixture of residential, commercial and drop box customers
- The franchise haulers receive exclusive rights to the residential and commercial accounts in exchange for a franchise fee

Franchise Areas (con't.)

- Stanislaus County retains the ability to regulate the haulers and set the maximum rates that can be charged
- The BOS also sets the franchise maximum haul rates for drop box customers

Background

- Every 5 years, a cost base adjustment method is used to set new Base Rates
- For the next four consecutive years after, these rates only increase or decrease by the change in a series of price indexes

New Base Rates

- In October 2017, the department sent out a Request for Quote (RFQ) for expert solid waste consulting services to determine new base rates in the four unincorporated franchise areas
- R3 Consulting Group Inc. was awarded the contract in February 2018

New Base Rates (cont'd.)

- Over the past few months, County staff and R3 consultants reviewed the franchise collection companies' rate applications and financial statements, and also conducted meetings with each company

New Base Rates (cont'd.)

- R3 consultants evaluated the information gathered along with supplemental information provided by the department and franchise collection companies and submitted their findings and recommendations to the department

New Base Rates (cont'd.)

- Based on the information submitted and in conjunction with the parameters of the Refuse Rate Adjustment Methodology, the Department established the proposed Maximum Base Rates for the franchise areas for Fiscal Year 2018-2019

Rate Adjustment Methodology

- Limits the increase in compensation to 5% unless the Franchise Company can demonstrate a loss from projected operations. If the loss is verified, the Base Rates will be adjusted per the Rate Adjustment Process to allow the contractor a reasonable profit

Proposed Residential Base Rates

- 24,541 subscribers to weekly service
 - 44% will see a 2.89% increase (Bertolotti)
 - 21% will see a 0.47% increase (Gilton)
 - 28% will see a 5.00% increase (Turlock 3)
 - 6% will see a -2.98% decrease (Turlock 4)

Residential Basic Cart Service*

	Current	Proposed Base Rates
Bertolotti Disposal (1)	\$25.32	\$26.05
Gilton Solid Waste (2)	\$21.33	\$21.43
Turlock Scavenger (3)	\$23.52	\$24.70
Turlock Scavenger (4)	\$23.46	\$22.76

*One 90-gallon cart service is the most common service for all three companies

Proposed Commercial Base Rates

- 3,158 commercial bins in service
 - 41% will see a 2.89% increase
 - 21% will see a 0.47% increase
 - 25% will see a 5.00% increase
 - 13% will see a -2.98% decrease

2-yd. Commercial Bin Service*

	Current	Proposed Base
Bertolotti Disposal (1)	\$92.04	\$94.70
Gilton Solid Waste (2)	\$88.35	\$88.77
Turlock Scavenger (3)	\$74.81	\$78.55
Turlock Scavenger (4)	\$83.28	\$80.80

*2-yard service 1X/wk. is the most common service for all four companies

Proposed Drop Box Base Haul Rates

- Requests for service are as-needed
 - 49% will see a 2.89% increase
 - 19% will see a 0.47% increase
 - 20% will see a 5.00% increase
 - 12% will see a -2.98% decrease

Proposed 20-29 yard Drop-Box Haul Charge*

Franchise Company	Current	Proposed Base Rates
Bertolotti Disposal (1)	\$210.68	\$216.77
Gilton Solid Waste (2)	\$213.89	\$214.90
Turlock Scavenger (3)	\$199.06	\$209.01
Turlock Scavenger (4)	\$196.83	\$190.96

*Other Drop Box sizes include 10-19 yard service and 30 yards and up.

Staff Recommendation

- Approve the recommended Stanislaus County Franchise Maximum Base Rates for refuse collection services in Franchise Areas 1, 2, 3 & 4

Questions?