



# Napa County

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## Legislation Text

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**File #:** 22-1333, **Version:** 1

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**TO:** Board of Supervisors

**FROM:** Steven Lederer, Director of Public Works

**REPORT BY:** Steven Lederer, Director of Public Works

**SUBJECT:** Public Hearing to Consider Adoption of a Resolution Adjusting Rates for Collection of Solid Waste, Recyclables, Green Waste and Food Waste for the Unincorporated Area of Garbage Zone One

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### **RECOMMENDATION**

PUBLIC HEARING 9:00 AM - Zone One Rates

Director of Public Works requests adoption of a Resolution adjusting rates as shown in the Resolution, effective October 1, 2022, for the residential and commercial operational cost associated with the collection of solid waste, recyclables, green waste, and food waste applicable to the Unincorporated Area of Garbage Zone One, a service which is provided by Napa County Recycling and Waste Services, LLC.

### **EXECUTIVE SUMMARY**

On June 1, 2022, the County received an application for an adjustment of rates for the operational cost associated with the collection of solid waste, recycling, green waste, and food waste services from Napa County Recycling and Waste Services, LLC (NCRWS).

The Department of Public Works completed their review of the request pursuant to Amendment No. 4 to Franchise Agreement No. 180215B (Franchise Agreement). In accordance with the approved Franchise Agreement, commercial rates are recommended to increase by an average of 4.3%. Residential rates would change between a 0.82% decrease (for the 20 gallon can) to a 2.02% increase (for the 96 gallon can), depending on the type of service. The proposed residential and commercial rates are set forth in Exhibit A of the attached Resolution.

## PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comment.
4. Close Public Hearing.
5. Motion, second, discussion and vote on the item.

## **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Fund 2180-Zone 1 Garbage
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approving the rates allows for recovery of costs for performing a critical service and an increase in franchise fee revenue consistent with the terms of the franchise agreement.
Is the general fund affected?	No
Future fiscal impact:	The County receives franchise fee revenue that equals 10% of the fee revenue collected by NCRWS. The franchise fees are utilized to reimburse the County for expenses incurred related to Zone 1. This action would increase the County's franchise fee commensurate with increased revenue generated by the increased fees.
Consequences if not approved:	The County will not receive the additional franchise fee revenue generated by the proposed increase to offset costs incurred by the County on behalf of Zone 1 rate payers.
County Strategic Plan pillar addressed:	Effective and Open Government

## **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: These fees are not subject to the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Section 15273(a)(1) and (2).

## **BACKGROUND AND DISCUSSION**

This item is specifically exempt from the voting requirements of Article XIIC of the California Constitution because these fees are imposed by a private third party, Napa County Recycling and Waste Services, LLC (NCRWS), under the Franchise Agreement as granted by the County to NCRWS on May 3, 2005 and amended and restated on December 19, 2017. Pursuant to Government Code section 66016, the resolution, data, and

rates to be considered were made available to the public.

#### NCRWS Rate Package - Summary:

On June 1, 2022 the Public Works Department received an application for an adjustment of rates for the operational cost associated with the collection of solid waste, recycling, green waste, and food waste from NCRWS in Garbage Zone One (Zone One), which serves much of the south county. The Public Works Department completed their review of the application, pursuant to Article 6 - Contractor Compensation and Customer Rates, of the amended and restated Franchise Agreement between the County and NCRWS. Under Article 6, NCRWS is entitled to request one rate adjustment annually. Per the amended and restated Franchise Agreement, the County shall adjust rates, either up or down, to reflect:

1. Contractor Compensation adjusted for agreed upon profit and inflation; and,
2. Actual changes in any of the pass-through components (Solid Waste Tip Fee, Green Waste Tip Fee, Net Recycling Processing Fee, Food Waste Tip Fee, and the Carpet Tip Fee) of each rate. The impact of changes to the pass through costs is applied to each rate and is dependent on the services rendered, resulting in different percentages for different rates.

Contractor Compensation and Pass-Through components of the proposed rates are described more fully below.

The key factors contributing to the rate increase include, but are not limited to:

1. Contractor Compensation at 5.2% for agreed upon profit and CPI as discussed above;
2. Increase in the Solid Waste disposal fee from \$70/ton to \$71/ton
3. Increase in the Green Waste tip fee from \$45/ton to \$47/ton
4. Increase in the Carpet Waste tip fee from \$54/ton to \$55/ton.
5. Decrease in the Recycling Processing fee from a \$15/ton COST to a \$9/ton CREDIT

Also included in this year's rate package is a new fee that will be charged to customers who fail to properly segregate their solid waste, recycling, and green waste. This fee, \$33.33/can for residential and \$66.67/container for commercial, is in accordance with SB 1383 and is designed to encourage users to properly sort their waste in order to maximize the organic materials that stay out of the landfill and are composted or recycled. The fee is not a penalty, but is based on the cost of servicing a contaminated can. Customers will be provided education and chances to improve their compliance before the initial contamination fee is charged. However, if the customer fails to comply after all proactive methods have been tried, other incentives, such as notices of violation, are also available to gain compliance.

The public was notified of the public hearing and consideration of the resolution to increase rates for the collection of solid waste and recyclables. The public notices were and/or will be published (newspaper and website) in the Napa Valley Register on July 15, 2022 and July 21, 2022. The public notice indicates that all

relevant documents regarding the proposed rate increase will be available at the Clerk of the Board. Pursuant to the amended and restated Franchise Agreement, NCRWS has posted the change of rates on their website and will be providing all customers with written notice of approved rate adjustments with their September bill.