

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

338



FROM: Waste Management Department

SUBMITTAL DATE:
April 13, 2011

SUBJECT: Extension of Solid Waste Management Fees for FY 2011-12

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the extension of the current tip fee of \$34.37 per ton at scaled, gated sites for Fiscal Year 2011-12 as established under Ordinance 779.12; and
2. Approve the extension of contract rates at the current amounts in transfer station Waste Delivery Agreements with Waste Management of the Inland Valley, CR&R, and Burrtec Waste Industries for Fiscal Year 2011-12; and
3. Approve the extension of the current card fees for Rural Sites (Mecca and Oasis) for Fiscal Year 2011/12.

BACKGROUND: Ordinance No. 779 outlines the General Manager-Chief Engineer's (GM-CE) authority to operate the County disposal sites and transfer stations. In addition to establishing fees and penalties, this Ordinance includes the basis for operation regulations including waste inspection, salvaging, and safety. (Continued)

Hans W. Kernkamp, General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	No
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	FY 11/12

SOURCE OF FUNDS: Waste Management Department Disposal Fees	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Alex Gann

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY:
NEAL R. KIPNIS
DATE: 4/13/11
Departmental Concurrence

☒ Policy
☐ Consent
☒ Policy
☐ Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District:
All

Agenda Number:

12.1

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The current system-wide tipping fee of \$34.37 per ton for scaled/gated sites has been in effect for nearly two years since July 2009, and staff recommends maintaining the rate at that level for one more year. This fee applies to general use customers not under bulk delivery contracts. During the next fiscal year 2011-12, we anticipate that approximately 28% of the system waste stream will be received at this rate.

The remaining estimated 72% of the system tonnage will be received pursuant to the terms of contracts with three transfer station operators, i.e. Waste Management Inc., CR&R and Burrtec. These contracts have escalation clauses which cap the potential rate increases at the CPI level. The current rates in these contracts are \$26.35/ton (except for the contracts with WMI Area 8 which is 26.94/ton), all of which (in accordance with the agreements) could be escalated by the CPI of 1.34%; however, staff is also recommending that these current rates be maintained through fiscal year 2011-12.

Historically, staff has been using a system model to project revenue and expenses during a 10-year planning period. This modeling of revenues and expenses has provided reasonable accuracy (in spite of the uncertainties in the waste industry) in defining rates that will provide adequate funding for all system costs.

While the Waste Management Department (Department) has seen a significant decline in tonnage over the past four fiscal years, the Department has been able to respond effectively to the corresponding reduction in revenue and has significantly cut operating expenses. Negating a portion of these savings is the rate that the County pays Waste Management, Inc. for disposal of County waste at the El Sobrante Landfill, which is contractually increased by a CPI factor annually.

The rates are able to be held level for another year due to continuing stability in the waste stream, and ongoing efforts to cut costs in every area possible. Disposal rates are the lowest of surrounding Counties and reserves continue to remain adequate.

TIPPING FEE ELEMENTS

The system-wide tipping fee contains two primary elements: 1) **Fixed Element**, and 2) **Operating Element**. The **Fixed Element** has various pass-through and long-term liability amounts that have not directly funded our annual budget.

The allocation of the fixed element is as follows:

	<u>FY10-11</u>
Current Closure/Post-closure Contribution	
Pass-Through Contributions:	\$1.80/ton
Habitat & Environmental Mitigation:	\$1.00/ton
State Required Fees:	\$1.40/ton
Local Enforcement Agency (LEA):	\$0.43/ton
Code Enforcement:	<u>\$0.35/ton</u>
Total	\$4.98/ton

Current Closure Contribution (\$1.80/ton): We re-evaluate closure/post-closure/remediation costs on an annual basis or more often as new information becomes available on a given site. The per ton amount is a function of the remaining amount required to fund the total closure/post-closure/remediation responsibilities at all sites and the total estimate of remaining original permitted capacity.

The **Operating Element** of the tipping fee directly funds the Department's annual budgeted expenses and averages approximately \$23 per ton. The Operating element is utilized for all departmental expenses associated with the landfill system, e.g. operations, administration, recycling and planning, capital development for liners, maintenance of inactive/closed sites, household hazardous waste collection and illegal dumping retrieval programs (recently augmented by the Board through transfer of the Code Enforcement/Transportation duties to the Department and consolidated as the IMPACT program) and payments for disposal of county-waste at the El Sobrante Landfill.

CARD FEES

The sale of commercial and residential access cards with direct billings to users continues to be the primary funding mechanism for the Mecca and Oasis landfill sites. Staff is recommending no change in the current card system or rates.

PROPOSED BUDGETED EXPENSES

The \$64 million proposed budget is higher than the previous year because of approximately \$18 million in capital projects, e.g. landfill liner at Lamb Canyon (\$9 million) and Badlands (\$8 million), and various landfill site improvements (\$1 million).

The Department constantly strives to curtail illegal dumping and, to that end, recommends that there also be no change in the minimum load fees for routine miscellaneous refuse and that the County continue its policy of allowing for the disposal of two cathode ray tube (CRT) appliances (e.g. televisions or computer monitors) per customer per day at no charge.