

TO: James L. App, City Manager
FROM: DOUG MONN, PUBLIC WORKS DIRECTOR
SUBJECT: SOLID WASTE
DATE: NOVEMBER 20, 2012

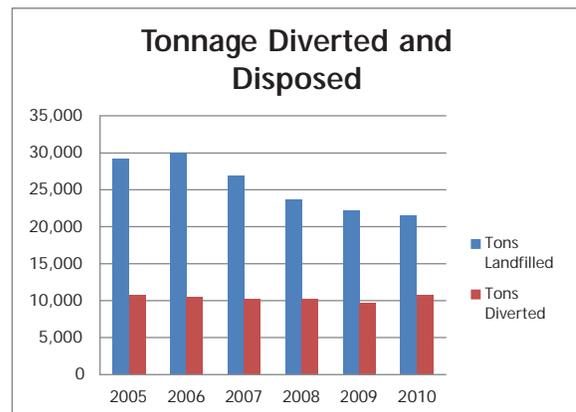
NEEDS: For the City Council to consider funding additional analysis of the City's Solid Waste operations.

- FACTS:
1. Solid waste hauling and landfill operations contracts have been in place for 11 and 17 years respectively. Landfill fees have not been adjusted since 2003.
 2. Therefore on November 15, 2011 City Council engaged the firms of R3 and TJ Cross Engineers to review and amend the existing contracts and landfill fees for solid waste services.
 3. Work has been on-going since January 2012.

ANALYSIS &

CONCLUSION: July 2011 "Solid Waste Franchise Contracts Financial and Operational Audits" found that existing agreements for solid waste collection and landfill operation needed to be restructured to protect the City's financial interest. The Ad Hoc committee, Councilmen Hamon and Steinbeck, have conducted multiple meetings with the franchise solid waste hauler. Additionally, the Ad Hoc Committee will be meeting with the landfill operator in December/January to discuss their contract terms.

During the contract restructuring process it was determined that the overall financial configuration of solid waste services requires review to ensure the continued solvency of municipal solid waste operations. The cost of regulation, fuel, equipment, and labor associated with landfill operation are escalating annually. Conversely, landfill revenues are on the decline as a result of increased diversion (recycle) efforts, slower pace of construction, and unfavorable contract terms.



In discussions with the Ad Hoc Committee, it was concluded that more extensive financial analysis of the entire solid waste enterprise is needed to assure its financial stability in the future. The Ad Hoc Committee also suggested we explore re-commissioning a solid waste enterprise fund to meld solid waste hauling, landfill operation, landfill fees and diversion (recycle) to better ensure that solid waste collection/disposal process is fiscally neutral. The requisite financial, operational and accounting analysis will require more time/work than currently provided.

City Council allocated funds derived from the sale of right-of-way frontage to the State of California (Caltrans) in FY 08/09 to offset preparation cost of the Landfill Master Plan, operational and financial audits of the solid waste hauler and landfill operator. To

date, approximately \$60,000 of the original \$65,000 allocated to reconstruction of the hauler/operator contracts and landfill tipping fees has been spent. T.J. Cross estimates another 120 hours (\$20,000) could be necessary to complete the contract and fee analysis. Additional time beyond the 120 hours may be needed to work through financial plan options (similar to what was done with water and waste water fees) before presentation to City Council. \$35,000 remains available from the sale of the landfill right-of-way. Council could allocate the remaining \$35,000 from the land sale to offset the time and material cost of completing the contracts (franchise agreements), develop a financial/operational plan, fee structure and explore (make recommendations regarding) re-commissioning a solid waste enterprise fund.

POLICY

REFERENCE: Economic Strategy
2010 Master Plan of Sustainable Opportunities at the Paso Robles Landfill

FISCAL

IMPACT: Approximately \$35,000 remains available from the funds generated through the sale of landfill right-of-way to Caltrans that could be used to cover the completion of the contract work.

OPTIONS:

- a. Adopt resolution allocating \$35,000, authorizing the City Manager to use the funds as necessary to assist the Council Ad Hoc Committee with the City's solid waste vendor agreements and recommend adjustments to tipping fees.
- b. Amend, modify, or reject the above option.

Attachment: Resolution

RESOLUTION NO. XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
ALLOCATING ADDITIONAL FUNDING TO ANALYZE SOLID WASTE
SERVICE OPERATIONS ASSOCIATED WITH SOLID WASTE CONTRACTS
AND UPDATING LANDFILL TIPPING FEES

WHEREAS, the City of Paso Robles owns and operates a Class III solid waste landfill near the intersection of Union Road and Highway 46 under Solid Waste Facility Permit No. 40-AA-0001 from the California Integrated Waste Management Board; and

WHEREAS, the Landfill Master Plan document recommended operational and fiscal audits of the solid waste handler, landfill operator and review of tipping fees; and

WHEREAS, on August 2, 2011 City Council received operational and financial audits for Paso Robles Waste Disposal, Paso Robles Roll-Off, and Pacific Waste Services, and on November 15, 2011, did award a contract to negotiate new agreements for solid waste collection and landfill operation; and

WHEREAS, during the contract restructuring process it was determined that the overall financial configuration of solid waste services would require review to ensure the continued solvency of solid waste operations; and

WHEREAS, in discussion with the Ad Hoc Committee, it was concluded the overall financial configuration of solid waste services/operations would require review to ensure its financial stability in the future; and

WHEREAS, approximately \$35,000 remains available in the funds generated through the sale of landfill right-of-way to Caltrans that could be used to cover completion of the contract work without impacting the General Fund.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of El Paso de Robles does hereby approve Resolution No. 12-xxx allocating a supplemental budget appropriation from the monies set aside in the General Fund from the sale of right of way at the landfill in the amount of \$35,000 to budget account 100-310-5224-432 and authorizes the City Manager to use the funds as necessary to assist the Council Ad Hoc Committee with the City's solid waste vendor agreements and recommend adjustments to tipping fees.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 20th day of November 2012 by the following votes:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk