

RESOLUTION NO. 91-91

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES APPROVING AN
AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO
FOR THE COLLECTION AND REMITTANCE OF THE
AB 939 SOLID WASTE MANAGEMENT PLAN PREPARATION
FEE AND AUTHORIZING THE MAYOR TO EXECUTE
SAID AGREEMENT

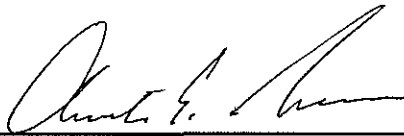
BE IT HEREBY RESOLVED that the agreement attached herewith between the City of El Paso de Robles and the County of San Luis Obispo regarding the collection and remittance of the tipping fee surcharge for the preparation of the AB 939 solid waste management plan is approved and the Mayor is authorized to execute said agreement on the behalf of the City.

PASSED AND ADOPTED this 16th day of July, 1991, by the following vote:

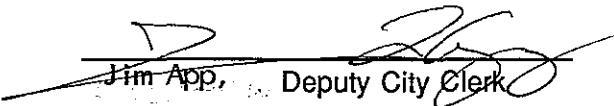
AYES: Martin, Picanco, Reneau, Russell and Mayor Iversen

NOES: NONE

ABSENT: NONE



Christian E. Iversen, Mayor



Jim App., Deputy City Clerk

AGREEMENT FOR INCREASE IN COLLECTION OF TIPPING
FEES FOR PLAN PREPARATION, PURSUANT TO THE
REQUIREMENTS OF ASSEMBLY BILL 939
(PUBLIC RESOURCES CODE SECTION 40000 et seq.)

This Agreement is entered into this 16th day of July, 1991, by and between the Council of San Luis Obispo (hereinafter referred to as "County") and City of Paso Robles (hereinafter referred to as "City").

WHEREAS, the California Legislature has enacted the California Integrated Solid Waste Management Act of 1989, commonly referred to as Assembly Bill 939, which is codified at Public Resources Code Section 40000 et seq; and

WHEREAS, Public Resources Code Section 41901 provides that the County may impose fees in amounts sufficient to pay the costs of preparing, adopting and implementing the Integrated Waste Management Plan; and

WHEREAS, the Cities and the County of San Luis Obispo entered into a Memorandum of Understanding (MOU) which, inter alia, provided for the levying of a one dollar (\$1.00) per ton tipping fee at all public landfills in the County to fund the preparation of the source reduction and recycling elements and the Integrated Waste Management Plan. In accordance with MOU, the seven cities have adopted the one dollar (\$1.00) per ton tipping fee; and

WHEREAS, this agreement shall supercede all previous agreements for the tipping fee increase for plan preparation pursuant to AB 939; and

WHEREAS, Paso Robles Landfill is located within the City of Paso Robles and is also owned and operated by the City, which provides solid waste disposal services to the general public.

NOW, THEREFORE, in consideration of the foregoing the parties agree as follows:

1. Fee. Effective September 1, 1991, the City will implement and collect an additional two dollars (\$2.00) per ton fee on its general refuse and automobile rates. The one dollar (\$1.00) per ton tipping fee shall continue to be in effect until each city adopts the two dollar (\$2.00) increase. However, the two dollar (\$2.00) fee shall not be collected until prior agreement of the cities to increase their hauling rates by a like amount.

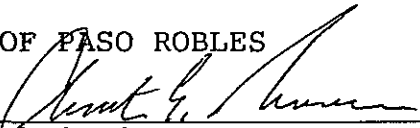
2. Collection. On November 15, 1991, and the 15th of each month thereafter (hereinafter referred to as the "Payment Date"), the City shall deliver to the County Auditor's Office the additional funds which were collected, based on the increased rate, during the month ending forty-five (45) days prior to the Payment Date. For example, on November 15, 1991, the City shall deliver all of the funds collected during the month of September, 1991 to the County; on December 15, 1991, the City shall deliver all of the funds collected during the month of October, 1991, and so on.
3. Adjustments. The county shall allow the City to adjust payments based on the amount of bad check tonnage, which the City may incur.
4. Records. All records, accounts, and documentation regarding the calculation and payment of the above referenced fee shall be accessible during normal business hours to be authorized representatives of the County or State government, on reasonable prior notice, for the purpose of examination or audit.
5. Indemnification. In collecting the fee referred to above, the City is acting on behalf of the County. the County shall indemnify, defend and hold the City harmless against and in respect of any and all claims, demands, losses, costs, liability, damages and expenses of any nature that the City may incur or suffer, which arise, result from or relate to any legal challenges regarding the collection, disbursement or use of these fees.
6. Modification. This agreement shall be amended or modified only upon written agreement signed by both parties.

IN WITNESS WHEREOF the County and City have executed this Agreement on the date and year hereinabove set forth.

CITY OF PASO ROBLES

COUNTY OF SAN LUIS OBISPO

BY:


Christian E. Iversen, Mayor

BY:

Chairman of the Board of Supervisors

ATTEST

Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGAL EFFECT:

JAMES B. LINDHOLM, JR.

BY: Deputy County Counsel

Dated: _____

tip.increase




City of El Paso de Robles

"The Pass of the Oaks"

June 24, 1991

TO: Streets and Utility Committee
Bob Grogan, City Manager

FROM: Mike Compton, Director of Administrative Services 

SUBJECT: Various Utility Rate Adjustments

Recommended Action:

That the streets and utility committee recommend to the City Council adoption of various utility rate increases as proposed below:

Discussion:

AB 939 Solid Waste Management Plan Preparation

The Solid Waste Task Force has recommended and the Board of Supervisors has adopted an additional \$2.00 per ton surcharge on solid waste deliveries to every landfill in the county in order to generate the monies necessary to adequately fund the cost of preparing the AB 939 solid waste management plan. This additional \$2.00 is in addition to the \$1.00 surcharge already in place.

The estimated cost of compliance is approximately \$5,000 monthly. It is expected that the surcharges may be rescinded July 1, 1992 when the AB 939 solid waste management plan is completed. The effective date of the surcharge was supposed to be July 1, 1991 but due to lack of notification by the County that the additional surcharge was being considered until after it was adopted it is impossible for the City to implement the surcharge until September 1, 1991. The reason for the delayed implementation as a public agency, the City must hold at least one public hearing and implementation must coincide with the billing cycle of Paso Robles Waste Disposal. Paso Robles Waste Disposal bills bi-monthly and their next billing is mid-August.

Based upon a 4:1 conversion ratio for compacted yards to tons and 7:1 conversion ratio for uncompacted yards to tons, the surcharge on solid waste deliveries is \$0.50 per compacted yard and \$0.28 per uncompacted yard. The uncompacted yard amount was rounded to the highest fifty cents due to easing and simplifying change making at the landfill.

Attached for your review and consideration is Exhibit "A" representing a revised landfill rate schedule. Please note the following special changes:

- a) There is no proposal to increase the minimum vehicle fee even for the new surcharge. Due to the great number of complaints received regarding the rate for this category, staff does not recommend any adjustment. However, a \$0.25 surcharge per vehicle would not be out of line. While no amount is recommended, staff defers to the committee as to their desires.
- b) Staff is recommending the deletion of dirt as an acceptable item to be received by the landfill. Due to the fact that it is nearly impossible to determine the accurate origination point of the dirt and whether or not it may be contaminated by some hazardous substance, staff recommends against its acceptance.
- c) Lastly, users of drop-off boxes also known as roll-off boxes have been getting a considerable cost break versus those firms/individuals which deliver their own demolition material. The current fee for light duty demo is \$12.00 per yard and \$25.00 per yard for hard to handle materials but if the material is delivered via drop-off box, the rate is only \$3.45 per yard. Nearly all material received at the landfill in drop-off boxes is classified as light duty or hard to handle demolition/construction material.

Implementation of a landfill rate increase to cover the AB 939 solid waste management plan preparation costs will have a profound impact upon the City's franchise waste hauler, Paso Robles Waste Disposal. The additional cost to Paso Robles Waste Disposal must be passed on to his customers. The converted cost, compacted yards to tonnage, is \$.050 per compacted yard which at the customer level equates to a 15.4% rate increase. The attached Exhibit "B" indicates the appropriate increase per rate category.

Curbside and Greenwaste Recycling Programs

Staff has been negotiating with the City's franchise solid waste hauler, Paso Robles Waste Disposal regarding the implementation of a curbside and greenwaste recycling program. The cost to implement said programs is estimated at \$8,963 per month less estimated revenues of \$2,053 per month for a net cost of \$6,910 per month. With 4,444 single family units and assuming the cost to be spread equally among all units, the monthly cost would be \$1.55 per month. Attached as Exhibit "C" is a copy of the proposal. Please note that the yard reorganization costs have been entirely eliminated and the collection container cost decreased by one half. Paso Robles Waste Disposal's revenue estimates have been adjusted downwards by 25%. The cost of the curbside and greenwaste recycling programs is also include Exhibit "B" along with the AB 939 surcharges rate adjustments.

Sewer User Fees

With a projected operational deficit of \$356,000, it would take a 33% rate increase to completely eliminate the deficit. The deficit is the result of including the payment of the interest expense for the sewer revenue bond in the sewer operations fund rather paying it from sewer connection fees.

One of the measures recommended by staff to reduce the deficit is related to the \$1.50 per month surcharge on the utility bills to repay the loan from the State Water Resources Board for

various water system improvements. At 6/30/91, the State Water Fund will have accumulated in cash resources between \$575,000 and \$600,000. The remaining principal balance owed is \$802,000. With a modest contribution from the water operations fund, this debt could be entirely repaid. The interest rate on the State Water Loan for water improvements is 8.5% which is over 100 basis points more than the City is currently earning on its investments. By paying off this debt and transferring the \$1.50 per month from water to the sewer user fee portion of the utility bill, the City could generate \$156,000 without any increase in the total minimum billing for sewer and water service. This course of action would lead to two further alternatives; a more modest rate increase that might be more palatable to the public, or still go with a 15 to 20% increase which would nearly reduce the entire deficit. Both options are illustrated as follows:

Option 1:

Operating deficit FY '92	\$(356,000)
Rate increase at 15%	125,900
Convert \$1.50 to sewer rate	<u>156,000</u>
Remaining deficit	(74,100)
Additional operating cost FY '93 at 5%	(86,700)
Rate increase at 15%	<u>177,100</u>
Positive operating balance	\$ 16,300
	=====

Option 2:

Operating deficit FY '92	\$(356,000)
Rate increase at 10%	105,500
Convert \$1.50 to sewer rate	<u>156,000</u>
Remaining deficit	(94,500)
Additional operating cost FY '93 at 5%	(86,700)
Rate increase at 10%	<u>116,000</u>
Remaining deficit	\$ (65,200)
Additional operating cost FY '94 at 5%	(91,000)
Rate increase at 10%	<u>127,600</u>
Remaining deficit	(28,600)
Additional operating cost FY '95 at 5%	(95,500)
Rate increase at 10%	<u>140,400</u>
Remaining deficit	\$ (16,300)
	=====

As clearly illustrated, the \$1.50 conversion and a two year 15% increase would eliminate the operating deficit. A \$1.50 conversion and a series of 10% increases would not eliminate the deficit until fiscal year 1995-96.

A 15% rate adjustment would increase the flat rate portion of the sewer user fee from current \$8.82 per month to \$10.14 per month, representing an increase of \$1.32 per month or \$15.84 annually. If the variable portion of the commercial rate was increased by an identical 15%, it would increase from \$0.98 per 100 cubic feet of water used to \$1.12 per 100 cubic feet of water used.

For debt financing, underwriters and rating agencies like to see revenue to expenditure coverage

of 125%. However, I would not consider this an important factor unless debt service financing is contemplated during the next five years.

Concurrence:



John McCarthy, Director of Public Works

FACTS: 28 cans per yard					
Residential 29% of total yds.					
Commercial 53% of total yds.					
Construction 18% of total yds.					
Ave. per mo. yds. 1/91-4/91=7465					
surcharge .50 per yd.					
.02 per can per pickup					
	Current	No. of	AB 939	Recycling	Proposed
Residential:	Rate	Customers	Fee	Fee	New Rate
1 Can at Curb	5.48	1834	0.84	1.55	7.87
2 Cans at Curb	8.76	1711	1.35	1.55	11.66
3 Cans at Curb	13.14	67	2.02	1.55	16.71
1 Can in Yard	12.05	34	1.86	1.55	15.46
2 Cans in Yard	15.28	32	2.35	1.55	19.18
Special Senior Can (per can)	4.38	27	0.67	1.55	6.60
90 Gallon Semi-automated Can at Curb (per can)	11.78	729	1.81	1.55	15.14
90 Gallon Semi-automated Can in Yard (per can)	18.35	0	2.83	1.55	22.72
90 Gallon Semi-automated Can at Duplex	13.96	6	2.15	1.55	17.65
90 Gallon Semi-automated Can at Triplex	20.94	3	3.22	1.55	25.71
Multi-unit per can (recycling per unit)	5.48	100	0.84	1.55	7.87
Special Tag	1.20				
Commercial:					
1 Yard					
1 Bin 1 time	n/a	2	24.99		24.99
1 1/2 Yard					
1 Bin 1 Time	32.48	229	5.00		37.48
1 Bin 2 Times	51.59	17	7.94		59.53
1 Bin 3 Times	70.68	12	10.89		81.57
1 Bin 4 Times	89.79	0	13.83		103.62
1 Bin 5 Times	108.90	1	16.77		125.67

1 Bin 6 Times	128.00	0	19.71	147.71
2 Yards				
1 Bin 1 Time	38.20	45	5.88	44.09
1 Bin 2 Times	63.03	25	9.71	72.73
1 Bin 3 Times	87.88	16	13.53	101.41
1 Bin 4 Times	112.71	0	17.36	130.07
1 Bin 5 Times	137.54	0	21.18	158.72
1 Bin 6 Times	162.38	0	25.01	187.39
3 Yard				
1 Bin 1 Time	49.67	106	7.65	57.32
1 Bin 2 Times	85.00	83	13.09	98.09
1 Bin 3 Times	120.36	0	18.54	138.89
1 Bin 4 Times	155.70	9	23.98	179.67
1 Bin 5 Times	191.04	14	29.42	220.46
1 Bin 6 Times	226.39	7	34.86	261.26
4 Yard				
1 Bin 1 Time	72.59	3	11.18	83.77
1 Bin 2 Times	118.44	12	18.24	136.68
1 Bin 3 Times	164.31	5	25.30	189.61
1 Bin 4 Times	210.15	8	32.36	242.51
1 Bin 5 Times	255.98	9	39.42	295.40
1 Bin 6 Times	301.85	3	46.48	348.33
Commercial Cans				
1 Can	9.55	21	1.47	11.03
2 Cans	14.31	27	2.20	16.52
3 Cans	19.11	6	2.94	22.05
4 Cans	23.87	4	3.68	27.54
5 Cans	28.66	1	4.41	33.08
1 Can 2 Times	19.11	1	2.94	22.05
2 Cans 2 Times	28.66	0	4.41	33.08
3 Cans 2 Times	38.20	0	5.88	44.09
4 Cans 2 Times	47.77	2	7.36	55.13
5 Cans 2 Times	57.31	0	8.83	66.14
Auto can 1 time per week	n/a	23	13.59	13.59
Auto can 2 times per week	n/a	1	20.39	20.39
Drop Boxes				
Greenwaste				3.45
Light demo/construction				12.00

Hard to Handle

25.00



GLENN, BURDETE, PHILLIPS, BRYSON

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

Founded in 1965

EXHIBIT "C"

Members of the Firm:
Fred L. Glenn, CPA
Stephen A. Burdette, CPA
David W. Phillips, CPA
David A. Bryson, CPA
Gary A. Wintermeyer, CPA
Bradford M. Hair, CPA
James W. Lord, CPA
Jeanne A. Potter, CPA

Principal of the Firm:
Robert A. Silva
Managers:
Carlos J. Reynoso, CPA
Loretta H. Betterton, CPA
Kathi Niffenegger, CPA
Daniel J. O'Hare, CPA

May 10, 1991

Dale Gomer
Paso Robles Waste Disposal, Inc.
538 Twelfth Street
Paso Robles, California 93446

Re: City Wide Curb Side Recycling and Greenwaste Programs
General Operating Expense Increases
Franchise Extension

Dear Dale:

It was a pleasure meeting with you and Kathy recently to discuss future plans of Paso Robles Waste Disposal, Inc. We offer the following comments based upon our discussion.

City Wide Curb Side Recycling and Greenwaste Programs

We have used the number of single family residences in the City of 4,444, which you calculated in computing the anticipated costs per single family residence per month.

In reviewing the service count report, we note there are numerous residences with two cans. With the proposed recycling and greenwaste programs, many of these residences may reduce their regular service to one can.

Any reduction in regular service could have a significant impact on your revenues from present services.

The first year costs for the recycling and greenwaste programs based upon your estimates and 12% interest on the upfront costs (truck conversion (18 months), truck (5 years), yard reorganization (10 years), collection boxes (5 years) and home collection containers (5 years)) on a per month basis is summarized as follows:

	<u>Greenwaste</u>	<u>Recycling</u>	<u>Total</u>
Truck conversion - \$12,000 + 12% interest over 18 months	\$ 732	\$	\$ 732
Truck - \$75,000 + 12% interest over 5 years		1,668	1,668
Truck - gas and oil	300	300	600
Truck - insurance	250	250	500
Truck - driver salary and benefits		4,000	4,000
* Yard - reorganization (\$150,000 + 12% interest over 10 years)		2,152	2,152 out
Yard - collection boxes (\$15,012 + 12% interest over 5 years)		334	334
* Home collection containers - (\$30,500 + 12% interest over 5 years)		678	678 @ 1/2
Advertising		500	500
City franchise fee	40	250	290
Total	<u>\$1,322</u>	<u>\$10,132</u>	<u>\$11,454</u>

Estimated cost per single family residence:

$$\frac{11,454}{4,444} = \$2.58$$

8,963 - 2,566
4,444 = 1.43

The \$2.58 per single family residence would pay for costs based upon your estimates but would provide no profit. Any profit would come from the sales of the recycled and greenwaste materials. We suggest all income and expenses of the recycling and greenwaste programs be accounted for separately from the current operations.

General Operating Expense Increase

In addition to the costs you summarized of \$36,598.34, we would suggest you consider making the current part-time mechanic position a full time position. This would result in an additional \$13,800 in annual costs in addition to the \$36,598.34.

Franchise Extension

In light of the yard improvements, which will be needed for the City Wide Curbside Recycling Program, it is our recommendation that the franchise agreement be extended to ten years. If the projected costs of the yard improvements for the recycling program had to be recovered over five years, the monthly cost per single family residence would increase from \$2.58 to \$2.86.

If you would like any clarification of our conclusions and recommendations, or if you want us to meet with City staff, please call me.

Sincerely,

David W. Phillips

David W. Phillips, C.P.A.
Glenn, Burdette, Phillips & Bryson
Certified Public Accountants
A Professional Corporation

PASO ROBLES WASTE DISPOSAL, INC.

538 TWELFTH STREET
PASO ROBLES, CALIFORNIA 93446
Phone 238-2381

MAY 21, 1991

PASO RECALCULATED

MIKE COMPTON
DIRECTOR OF ADMINISTRATIVE SERVICES
CITY OF PASO ROBLES
PASO ROBLES, CA 93446

PROJECTED INCOME FROM CURB SIDE RECYCLING PROGRAM:

I HAVE CALCULATED A FOUR MONTH AVERAGE OF PRODUCTS THAT WERE GENERATED FROM THE LOS OSOS AND MORRO BAY AREA FROM STATISTICS THAT WERE COMPILED BY SLOCO RECYCLES. LOS OSOS AND MORRO BAY HAVE AN APPROXIMATE 4170 CUSTOMERS PARTICIPATING IN THE CURB-SIDE RECYCLING PROGRAM. PASO ROBLES WILL INITIALLY START WITH A BASE OF 2200 CUSTOMERS WHICH WOULD APPROXIMATELY GENERATE 53% OF THE TOTAL PRODUCTS THAT THE LOS OSOS AND MORRO BAY AREA GENERATES.

THE FIGURES I HAVE LISTED BELOW ARE THE PROJECTED AMOUNT OF PRODUCTS THAT WOULD BE GENERATED FROM PASO ROBLES EACH MONTH. GROVER RECYCLING WOULD NOT BE ABLE TO SERVICE OUR RECYCLING PRODUCTS AS OF NOW. I HAVE A TENTATIVE PRICE LIST FROM SLOCO RECYCLES FOR THE PRODUCTS THAT WE WOULD BE GENERATING.

ALUMINUM,	PROJECTED AMOUNT RECEIVED	1482 lbs	
	PROJECTED INCOME (@ 65¢ A LB)		963.30
GLASS,	PROJECTED AMOUNT RECEIVED	60,708 lbs	
	PROJECTED INCOME (@ \$60 A TON)		1,818.00
PET,	PROJECTED AMOUNT RECEIVED	663 lbs	
	PROJECTED INCOME (@ 27.5 ¢ A LB)		182.32
NEWSPRINT,	PROJECTED AMOUNT RECEIVED	91,656 lbs	
	PROJECTED INCOME (@ \$5 to \$15 A TON)(@ \$10)		458.30

STEEL CANS AND HDPE (1-7) PLASTIC WOULD BE IN OUR INITIAL CURB-SIDE PROGRAM. I HAVE NO PROJECTED AMOUNT OF PRODUCT OR INCOME FOR THESE MATERIALS BECAUSE SLOCO RECYCLES WILL BE PUTTING THESE ITEMS IN THEIR RECYCLING PROGRAM IN THE NEAR FUTURE.

3421.92
1752
2566



KICK THE HABIT OF HAULING YOUR OWN!