

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 2/26/2013	(3) CONTACT/PHONE Brian Spaulding (805) 788-2963																	
(4) SUBJECT Request to approve a Base Year Solid Waste Rate Adjustment of 2.3% for the areas receiving garbage hauling services provided by Mission Country Disposal.																			
(5) RECOMMENDED ACTION It is recommended that the Board approve a rate increase for Mission Country Disposal, to be effective April 1, 2013, as detailed on the following attachments:																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%; padding: 5px;">Exhibit</th> <th style="width: 15%; padding: 5px;">Increase</th> <th style="width: 20%; padding: 5px;">Adjustment Type</th> <th style="width: 55%; padding: 5px;">Areas Served</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">A</td> <td style="padding: 5px;">2.3% - Base Year Rate Adjustment</td> <td style="padding: 5px;">Rate increase by Cambria CSD</td> <td style="padding: 5px;">San Simeon</td> </tr> <tr> <td style="text-align: center; padding: 5px;">B</td> <td style="padding: 5px;">2.3% - Base Year Rate Adjustment</td> <td style="padding: 5px;">Rate increase by Cayucos Sanitary District</td> <td style="padding: 5px;">Rural areas outside of Morro Bay and Cayucos</td> </tr> <tr> <td style="text-align: center; padding: 5px;">C</td> <td style="padding: 5px;">2.3% - Base Year Rate Adjustment</td> <td style="padding: 5px;">Rate increase by Los Osos CSD</td> <td style="padding: 5px;">Los Osos / Baywood Park</td> </tr> </tbody> </table>				Exhibit	Increase	Adjustment Type	Areas Served	A	2.3% - Base Year Rate Adjustment	Rate increase by Cambria CSD	San Simeon	B	2.3% - Base Year Rate Adjustment	Rate increase by Cayucos Sanitary District	Rural areas outside of Morro Bay and Cayucos	C	2.3% - Base Year Rate Adjustment	Rate increase by Los Osos CSD	Los Osos / Baywood Park
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(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A																
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)																			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A																			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A																	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date _____																	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>																			
(18) SUPERVISOR DISTRICT(S) All Districts -																			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Auditor - Controller / James P. Erb

DATE: 2/26/2013

SUBJECT: Request to approve a Base Year Solid Waste Rate Adjustment of 2.3% for the areas receiving garbage hauling services provided by Mission Country Disposal.

RECOMMENDATION

It is recommended that the Board approve a rate increase for Mission Country Disposal, to be effective April 1, 2013, as detailed on the following attachments:

<u>Exhibit</u>	<u>Increase</u>	<u>Adjustment Type</u>	<u>Areas Served</u>
A	2.3% - Base Year Rate Adjustment	Rate increase by Cambria CSD	San Simeon
B	2.3% - Base Year Rate Adjustment	Rate increase by Cayucos Sanitary District	Rural areas outside of Morro Bay and Cayucos
C	2.3% - Base Year Rate Adjustment	Rate increase by Los Osos CSD	Los Osos / Baywood Park

DISCUSSION

Historically, garbage rates in the unincorporated areas near Cities and Districts have been correlated to the rates approved by the neighboring Cities or Districts due to their similar service levels and proximity. Many of these jurisdictions have adopted a rate setting methodology whereby an in depth base year rate review is prepared every third year and a less detailed interim year rate adjustment is prepared in year two and three of the cycle. We have been informed of approved rate increases, effective February 1, 2013, for the adjoining areas of Cambria Community Services District, Cayucos Sanitary District, and Los Osos Community Services District, respectively.

It is noted that these cities/districts adjacent to the County regulated areas are subject to Proposition-218 election. As such, there is a chance voters could decide to block one or more of these respective rate requests. In this case, we would recommend that Mission Country Disposal not increase the rates in the unincorporated areas in order to maintain consistency between the cities, CSDs and unincorporated areas. Since garbage service is not mandatory in County regulated areas, this recommended rate adjustment is not subject to the Prop-218 provision. Therefore, barring the event that voters take action, we recommend the above referenced rate increases to be effective as of April 1, 2013, allowing for a 30-day notice requirement to customers. This increase is intended to contribute to consistency among the adjoining areas and the County of San Luis Obispo garbage hauling rates.

OTHER AGENCY INVOLVEMENT/IMPACT

Auditor-Controller's staff has worked with the County's Public Works Solid Waste Coordinator in the preparation of this request.

FINANCIAL CONSIDERATIONS

The County will receive a slight increase in franchise fee revenues; overall there will be no significant financial impact to the County budget.

RESULTS

Annual rate increases enable the garbage companies to maintain established profit margins while continuing to provide solid waste services to the public at a reasonable rate. The final result would be greater compliance with your Board's desire for a healthier, more livable and well governed community.

ATTACHMENTS

1. Exhibit A - Proposed Rate Schedule for San Simeon
2. Exhibit B - Proposed Rate Schedule for rural areas outside the City of Morro Bay and Cayucos
3. Exhibit C - Proposed Rate Schedule for Los Osos/Baywood Park