

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

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| (1) DEPARTMENT Auditor - Controller | (2) MEETING DATE 2/26/2013 | (3) CONTACT/PHONE Brian Spaulding (805) 788-2963 |
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(4) SUBJECT
Request to approve a Base Year Solid Waste Rate Adjustment of 3.2% for the garbage hauling services provided by South County Sanitary Services, Inc.

(5) RECOMMENDED ACTION
It is recommended that the Board approve a rate increase for South County Sanitary Services, to be effective April 1, 2013 as detailed on the following attachments:

| Exhibit | Company Name | Increase - Type | Areas Served |
|---------|--------------------------------------|----------------------------------|---|
| A | South County Sanitary Services, Inc. | 3.2% - Base Year Rate Adjustment | Avila Beach, Urbanized Rural Arroyo Grande & Halcyon Area, Nipomo Bluff Area (Non-Nipomo Community Service District), and Nipomo Mesa Area. |
| B | South County Sanitary Services, Inc. | 3.2% - Base Year Rate Adjustment | Rural Arroyo Grande and other unincorporated areas of South San Luis Obispo County. |

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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
 Consent Presentation Hearing (Time Est. _____) Board Business (Time Est. _____)

(11) EXECUTED DOCUMENTS
 Resolutions Contracts Ordinances N/A

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| (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 |
|--|--|

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|--------------------------|---------------------------------------|---|
| (14) LOCATION MAP N/A | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date _____ |
|--------------------------|---------------------------------------|---|

(17) ADMINISTRATIVE OFFICE REVIEW

Nikki J. Schmidt

(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 3.2% for the garbage hauling services provided by South County Sanitary Services, Inc.

RECOMMENDATION

It is recommended that the Board approve a rate increase for South County Sanitary Services, to be effective April 1, 2013 as detailed on the following attachments:

| <u>Exhibit</u> | <u>Company Name</u> | <u>Increase - Type</u> | <u>Areas Served</u> |
|----------------|--------------------------------------|----------------------------------|---|
| A | South County Sanitary Services, Inc. | 3.2% - Base Year Rate Adjustment | Avila Beach, Urbanized Rural Arroyo Grande & Halcyon Area, Nipomo Bluff Area (Non-Nipomo Community Service District), and Nipomo Mesa Area. |
| B | South County Sanitary Services, Inc. | 3.2% - Base Year Rate Adjustment | Rural Arroyo Grande and other unincorporated areas of South San Luis Obispo County. |

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. On January 15, 2013 the City Council of Pismo Beach approved a Base Year adjustment application for an increase to solid waste rates by 3.2%. The many contributing factors to this rate are detailed in the 2013 Base Year Rate Adjustment Application and in the Solid Waste Rate Review performed by William C. Statler. On March 12, 2013, the City Council of Arroyo Grande will hear this resolution to increase overall solid waste rates by the same 3.2%.

South County Sanitary Services provides garbage hauling services to the cities of Arroyo Grande, Grover Beach, and Pismo Beach, and the Oceano CSD and Nipomo CSD. Only 20% of the customer base is represented by the surrounding unincorporated areas of Avila Beach, Nipomo, and Rural Arroyo Grande.

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 increase requests. In this case, we would recommend that South County Sanitation not increase the rates in the unincorporated areas in order to maintain consistency among 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 are recommending the same 3.2% rate increase for the unincorporated areas of Avila Beach, Nipomo, Rural Arroyo Grande and other unincorporated areas in South San Luis Obispo County. We request the rate increase to be effective April 1, 2013, allowing for the 30-day notice requirement by the County to the 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 the Avila Beach, Urbanized Rural Arroyo Grande and Halcyon, Nipomo Bluff Area (Non-Nipomo Community Service District), and Nipomo Mesa Area
2. Exhibit B - Proposed Rate Schedule for Rural Arroyo Grande and Other Unincorporated Areas of South San Luis Obispo County