

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 3/22/2016	(3) CONTACT/PHONE Jim Hamilton - 781-5043	
(4) SUBJECT Hearing to consider protests to proposed solid waste disposal rate increase within areas surrounding the Los Osos Community Services District (LOCSO), to consider adoption of the resolution if no majority protest exists and to find that the project is exempt from Section 21000 et seq. of the California Public Resources Code (CEQA). District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Hold a hearing to consider the proposed increase in solid waste disposal rates within areas surrounding the LOCSO; and 2. If there is a not majority protest, adopt the attached Resolution; and 3. Find that the proposed increase is exempt from Section 21000 et seq. of the California Public Resources Code and authorize and direct staff to file a Notice of Exemption. 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>30 min</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 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: <u>Feb 2, 2016</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2			

County of San Luis Obispo



TO: Honorable Board of Supervisors

FROM: Auditor - Controller - Treasurer - Tax Collector / Jim Hamilton - 781-5043

DATE: March 22, 2016

SUBJECT: Hearing to consider protests to proposed solid waste disposal rate increase within areas surrounding the Los Osos Community Services District (LOCSD), to consider adoption of the Resolution if no majority protest exists and to find that the project is exempt from Section 21000 et seq. of the California Public Resources Code (CEQA). District 2.

RECOMMENDATION

It is recommended that the Board:

1. Hold a hearing to consider the proposed increase in solid waste disposal rates within areas surrounding the LOCSD; and
2. If there is a not majority protest, adopt the attached Resolution; and
3. Find that the proposed increase is exempt from Section 21000 et seq. of the California Public Resources Code and authorize and direct staff to file a Notice of Exemption.

DISCUSSION

Mission Country Disposal has submitted a request to the County for a Base Year rate increase of 10.37% for solid waste disposal collection services provided within the areas surrounding the LOCSD ("Service Area") pursuant to the Solid Waste Collection Franchise Agreement (Franchise Agreement), effective April 1, 2016.

The requested increase of 10.37% is comprised of 5.76% for increased operating costs, 4.00% for implementation of an organics diversion program, and 0.61% for pass through of tipping fee increases related to the expansion of Cold Canyon landfill.

In addition to the 2016 increase, Mission Country is requesting pre-approval of Interim Year rate increases effective January 1, 2017 and January 1, 2018 equal to increases, if any, in CPI (U.S. Department of Labor, Bureau of Labor Statistics, Urban Consumers All U.S. City Average) and increases of 0.59% for 2017 and 0.57% for 2018 to fund \$2.25 per-ton tipping fee increases scheduled at Cold Canyon Landfill in those years.

PUBLIC HEARINGS REQUIRED

Pursuant to Section 8.12.310 of the County Code, solid waste disposal services are mandatory for all places and premises located within and around the LOCSD (specifically, within the urban reserve lines of the Baywood/Los Osos area established by the Land Use Element and Local Coastal Plan Estero Planning Areas of the San Luis Obispo County General Plan). Consequently, the County is following the procedure for establishing new or increased “property related fees” for refuse collection services set forth in Proposition 218.

On February 2, 2016, the Board authorized mailing of a Proposition 218 notice of public hearing (Exhibit B) to all property owners and customers in the Service Area, not less than 45 days prior to today’s March 22, 2016 hearing date as required under Proposition 218. Protests must be submitted in writing and received by the Clerk-Recorder before the close of the public hearing. If valid written protests are filed by a majority (50%+1), the proposed rate increase may not be imposed.

INDEPENDENT RATE REVIEW PERFORMED

The Auditor-Controller-Treasurer-Tax Collector reviewed the rate request in accordance with the terms of the Franchise Agreement. In addition, because Mission Country simultaneously requested the same rate increase within the LOCSD, the rate increase has been reviewed for conformance with the *City of San Luis Obispo Rate Setting Process Methodology Manual for Integrated Solid Waste Management Rates* dated June 1994 (“Rate Setting Manual”). More specifically, the ACTTC contracted for an independent review of the Base Year application for conformance with the Rate Setting Manual from William Statler. Mr. Statler has expertise on rate adjustments since he was responsible for the development of the Rate Setting Manual when he served as Director of Finance for the City of San Luis Obispo, and has provided similar review services for the Cities of Arroyo Grande, Pismo Beach, Grover Beach and the Oceano Community Services District. Mr. Statler concluded the requested rate adjustments for all three years are justified in accordance with the provisions of the Rate Setting Manual.

While Mr. Statler’s review specifically evaluates the proposed rate increase within the LOCSD and its conformance to the Rate Setting Manual, the ACTTC believes that much of the analysis contained in the report is applicable to the proposed rate increase within the Service Area, because both the Franchisee (Mission Country) and the proposed rate increase are the same in both areas. In addition, many of the rate setting objectives articulated in the Rate Setting Manual are applicable to an evaluation of proposed rate increases under the Franchise Agreement, including, without limitation, the objective that revenues are fair to both the customer and the hauler and are justifiable and supportable. The final report is included as Exhibit B.

OTHER AGENCY INVOLVEMENT/IMPACT

ACTTC staff has worked with County Counsel and the Public Works department in processing the proposed rate increase.

FINANCIAL CONSIDERATIONS

The proposed rate increase will result in an average increase of \$2.30 per month to single family residential customers receiving standard service. 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 adjustments enable garbage companies to maintain established profit margins while providing quality uninterrupted solid waste services to the public at reasonable fee levels, contributing to a healthier, more livable and well-governed community.

ATTACHMENTS

1. Exhibit A - Notice of Public Hearing regarding Proposed Solid Waste Rate Increase within Areas Surrounding the Los Osos CSD
2. Exhibit B - Mission Country Disposal Solid Waste Rate Review, San Luis Obispo County, Los Osos Community Services District Area
3. Notice of Exemption
4. Resolution Areas Surrounding LOCSO