



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Department of Public Works

DATE: July 9, 2002

BOARD MEETING DATE: July 23, 2002

TO: Honorable Board of Supervisors

FROM: Neil R. Cullen, Director of Public Works

SUBJECT: Revisions to Garbage and Recyclables Collection in County Service Area No. 8 - North Fair Oaks Area

Recommendation

1. Adopt an ordinance amending Chapter 4.04, "Garbage Collection and Disposal," of the San Mateo County Ordinance Code to:
 - a. eliminate minimum garbage collection service requirements for commercial properties in County Service Area No. 8 (CSA8);
 - b. modify the authority of the County Health officer to order garbage service under certain circumstances; and
 - c. modify the procedures for billing for garbage service in CSA8.
2. Waive the reading of the ordinance changes.
3. Adopt a resolution:
 - a) establishing the charge rates for the 2002-03 Garbage and Recyclables Collection Services Charges Report;
 - b) authorizing the President of the Board to execute the Second Amendment to the Franchise Agreement with Browning Ferris Industries (BFI) for solid waste, recyclable materials and plant materials collection services in CSA8 which makes changes in the method of billing for these services; and
 - c) adopting new garbage and recyclables collection rates in CSA8.

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Previous Board Action

- Adopted an ordinance establishing the terms and conditions of garbage service in CSA8.
- Entered into the Franchise Agreement with BFI for CSA8.
- Adopted the current garbage and recyclables rate schedule for CSA8.

Key Facts

- The Franchise Agreement sets forth the terms and conditions for the collection of solid waste, recyclable materials and plant materials by BFI in CSA8.
- The current rate schedule is a disincentive to commercial recycling in CSA8.
- The proposed revisions in the Franchise Agreement and Ordinance will stream line the service delivery and improve customer service as commercial sector customers will receive only one bill for the service from BFI in lieu of the two bills they currently received (one from BFI and one from CSA8).
- The North Fair Oaks Council has reviewed and approved the proposed changes and increases in collection rates.

Background

We have been meeting with the North Fair Oaks Council over the past several months to explore ways to increase recycling and streamline the administration of garbage and recyclables collection in CSA8. The recommended changes are the culmination of this collaborative effort and were endorsed by the North Fair Oaks Council at their meeting on June 20, 2002.

Discussion

Commercial Sector Rate Structure

A goal we share with the North Fair Oaks Council is to increase recycling by the businesses in CSA8. It is not unusual for the commercial sector to recycle less than the residential sector. However, recycling by the businesses in CSA8 is particularly low. We believe that a significant reason for this is the current regressive commercial collection rate structure which decreases the unit cost of garbage service as the volume of waste increases. For example, 2 cubic yard service costs less than twice the cost of 1 cubic yard service; 4 cubic yard service costs less than twice the cost of 2 cubic yard service and quite a bit less than 4 times the cost of 1 cubic yard service. This type of rate structure encourages usage, not conservation. The recommended change is to a uniform rate schedule where the unit cost remains unchanged as the quantity increases (i.e., 2 cubic yard service costs twice as much as 1 cubic yard service, and 4 cubic yard service costs 4 times as much as 1 cubic yard service). It costs more to throw material away than to recycle under the uniform rate structure therefore creating an incentive to recycle more materials.

This proposal would also affect apartment complexes that receive bin (dumpster) service as the apartment complexes would experience the same rate structure change as businesses.

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The proposal would not change the structure of the rates for single-family residential properties, duplexes, triplexes and four-plexes, as the rates for these types of residential service are already uniform for service levels above the minimum.

Commercial Sector Minimum Service Level Requirements

The minimum garbage collection service levels for all categories of customers -- residential, including multi-family, and commercial -- in CSA8 are established by Ordinance. These minimums were established twenty years ago and were intended to preclude the under-subscription of garbage service and the illegal dumping and blight that result from inadequate collection levels. Experience has demonstrated, however, that:

- a) under-subscription is rare in the commercial sector; and
- b) where problems have occurred in the commercial sector, the minimum service levels required by Ordinance have been ineffective in precluding the associated problems.

Therefore, the recommendation is to amend the Ordinance Code to remove the minimum service level requirement from commercial properties and replace it with discretionary County authority by the County Health Officer (Environmental Health) to set unique garbage service levels for properties as problems arise. Failure to pay for such service levels would result in the cost becoming a lien on the property to be collected with the property tax.

Billing for Commercial Garbage Service

Most commercial customers require garbage service levels in excess of the current minimums. Currently, they receive two bills for this service; one from the County (on their property tax bill) for the minimum level of service, and a second, from BFI, for the service they require in excess of the minimum. The process is complex as BFI shows the entire cost of garbage service on the bill they submit with a credit back for the amount billed on the tax bill. The credit and charges from the two systems then have to be reconciled. The recommended change will eliminate the property tax bill for the minimum level of garbage service and the commercial customer will only receive a bill from BFI.

Approximately 3% of the amount collected on the tax bill for garbage service in CSA8 is retained by CSA8 to cover administrative costs or special services as may be approved by your Board. We are recommending that a 3% franchise fee be levied on BFI to offset the reduction in revenue commensurate with the reduction in billing via the tax bill that will occur if your Board approves our recommendations. The 3% franchise fee will be used to cover the administration of the service area.

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Rate Increase

The last rate increased in CSA8 occurred in 1996. However, we believe a rate increase is justifiable as there have been increases that have resulted from increases in the cost of disposal at the Ox Mountain Landfill, the phase-out of economic disincentives to increase recycling contained in the contract with BFI, labor and equipment cost increases, additional costs associated with aligning garbage pick-up and recyclables pick-up on the same day of the week, (these two pick-ups had previously occurred on different days of the week) and revenue projections by the South Bayside Waste Management Authority's rate consultant that were higher than actual revenues. We are recommending an increase of approximately 15 % over the entire rate base. The rate for residential customers who use two-can curbside service will increase from \$13.90 per month to \$16 per month. The recommended commercial sector rate structure also increases. However, the impact on the commercial sector will also be dependent on the amount of recycling the commercial sector does and the type of service they chose to take based on the change from a regressive to uniform rate base.

The following table is a comparison of the proposed residential rate to other San Mateo County cities:

City	Monthly Cost for Two 32-Gallon Cans
Atherton	\$53.96
Hillsborough	\$41.29
East Palo Alto	\$35.16
Redwood City	\$31.35
Menlo Park	\$29.20
San Carlos	\$26.24
Belmont	\$25.61
Burlingame	\$21.53
Foster City	\$21.30
San Mateo	\$20.90
North Fair Oaks	\$16.00

The complete rate schedule is attached.

The base rate of \$16.00 per month is also proposed to be used in preparing the 2002-03 Garbage and Recyclables Collection Service Charges Report of CSA8.

Effective Dates of Changes

The rates shown in Exhibit "A" will be effective as of July 1, 2002, for accounts currently billed by BFI. The billing system changes for commercial customers will be incorporated into the 2002-03 Garbage and Recyclables Collection Service Charges Report of CSA8, which your Board will consider at a public hearing on August 6th, and will become effective on January 1, 2003.

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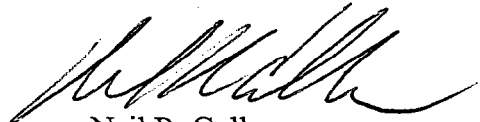
Vision Alignment

We believe our recommendation is consistent with the Shared Commitment to be a “responsive, effective and collaborative government,” as the proposed changes will improve the waste collection system in CSA8 to promote recycling, and is the result of a collaborative effort between County staff and the North Fair Oaks Council.

Fiscal Impact

All costs associated with this franchise agreement are recovered through the rates customers pay for garbage and recyclables collection service. There is no impact to the General Fund.

Forms of a resolution, ordinance and amendment to the Franchise Agreement have been approved by County Counsel and BFI has executed the amendment.



Neil R. Cullen
Director of Public Works

NRC:DFW:sdd

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Encl: Exhibit A

cc: North Fair Oaks Council
BFI
Other

RECOMMENDED



COUNTY MANAGER

Exhibit "A"

Rates in County Service Area No. 8 (North Fair Oaks Area)

for Solid Waste Collection Service provided by BFI

Effective July 1, 2002

Monthly Rates for Solid Waste Collection Service to Residential Properties
(single-family residences to four-plexes)

Minimum Service*

\$16.00 per dwelling unit

* The San Mateo County Ordinance Code defines minimum service as one Unit of Pickup per dwelling unit for single-family residences to four-plexes and $\frac{3}{4}$ Unit of Pickup per dwelling unit for residential properties with more than four dwelling units. The Code defines a Unit of Pickup as one (1) trash receptacle not exceeding 32 gallons in size located in the rear yard, or two (2) such receptacles when located at curbside or within fifteen feet of roadway pavement. The cost of minimum service is billed to owners of residential property on the tax bill and collected with the property tax.

Monthly Service in Excess of the Minimum Service

Each additional 32 gallons: \$16.00

Monthly Rates for Solid Waste Collection Service to All Other Properties

Bin Service

Service Frequency Per Week	Bin Size					
	1 Cubic Yard	2 Cubic Yards	3 Cubic Yards	4 Cubic Yards	6 Cubic Yards	8 Cubic Yards
1 time	67.59	135.18	202.77	270.36	405.54	540.72
2 times	135.18	270.36	405.54	540.72	811.08	1081.44
3 times	202.77	405.54	608.31	811.08	1216.62	1622.16
4 times	270.36	540.72	811.08	1081.44	1622.16	2162.88
5 times	337.95	675.90	1013.85	1351.80	2027.70	2703.60
6 times	405.54	811.80	1216.62	1622.16	2433.24	3244.32
7 times	473.13	946.26	1419.39	1892.52	2838.78	3785.04

Can Service

Each can 32 gallons or less: \$16.00
Each can 64 gallons or less: \$32.00
Each can 96 gallons or less: \$48.00