



# Solid Waste Discussion

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# Items for Consideration

1. Landfill Disposal Contract
2. Landfill closure financial plan
3. Tipping fee adjustment at transfer station
4. Initiation of Prop 218 process to adjust curbside collection rates



# Disposal Contract and Associated Contract Adjustments

- ▶ Ukiah waste Stream currently is transferred to Eastlake Landfill in Lake County. Contract ends in December 31, 2016
- ▶ Proposed Landfill Potrero Hills in Suisun City
- ▶ City of Ukiah has the flow control and that is why we are approving this contract
- ▶ The contract is a 15 year contract with extension options
- ▶ The lease of the transfer station and the amendment to the transfer station agreement are also being processed.



# Disposal Contract and Associated Contract Adjustments (cont)

## The numbers:

- ▶ The Agreement provides a \$23.50/ton gate fee, increasing each year by 90% of the cost of living, which is initially \$17.87 per ton less than the current gate fee at the Eastlake Landfill.
- ▶ Even with the increased transportation cost, the Agreement represents a substantial savings which is essential to the financial plan for funding closure and post-closure costs of the Ukiah Landfill.

## Recommended action:

- ▶ 1. Approve contract between Solid Waste Solutions Inc. and Potrero Hills Landfill Inc.
- ▶ 2. Direct the City Manager to exercise flow control of Ukiah's municipal solid waste directing that it be transported to the Potrero Hills Landfill in Suisun City, California.
- ▶ 3. Approve amendment to Transfer Station Agreement.
- ▶ 4. Approve amended Transfer Station Lease.



# Landfill Closure Financial Plan

- ▶ January 6, 2006, Council considered strategy to fund closure, post-closure, and corrective action plan
- ▶ Costs derived from engineer's estimates
  - ▶ 30 year plan/15 year funding
  - ▶ Mandated by CalRecycle
- ▶ Resolution 2016-03 requires Finance Director to update council every October
- ▶ City must provide financial assurances to fund closure
  - ▶ General fund
- ▶ Ad hoc committee review
  - ▶ Recommended adjustment to tipping fee to finance the project



# Landfill Closure Financial Plan (cont)

## The numbers:

- ▶ Costs (based on engineer's estimates):
  - ▶ \$24.76 million
    - ▶ Closure, post-closure (\$23.61 million)
    - ▶ Corrective action plan (\$1.15 million over 30 years)
- ▶ Funding available:
  - ▶ \$8.2 million
- ▶ Resources needed:
  - ▶ \$16.56 million

## Recommended action:

- ▶ Increase tipping fee at transfer station by \$12 (total of \$14)



# Recommended Gate Rate at the Ukiah Transfer Station

- ▶ Every five (5) Years, as provided for in the Agreement between the City and Solid Waste Systems, the City assesses the Transfer Station Disposal Rates, and determines if such Rates require adjustment.
- ▶ The rate setting process began with a rate request submitted by the Company asking for no change to the Transfer Station Disposal Rates.
- ▶ City Staff then reviews this request and accepts or proposes and alternatives.



# Recommended Gate Rate at the Ukiah Transfer Station(cont)

The numbers:

- ▶ Staff considered the component costs of this request to leave rates unchanged, and studied the company's reviewed financial statements to arrive at a rate decrease of the Company's existing rates of (0.43%)
- ▶ The proposed rate at the transfer station is \$92.90.
- ▶ This was calculated by adding the company's decrease with the Surcharge of twelve dollars (\$12) per ton in the Transfer Station disposal surcharge. This is and increase in rates of 14.39%.

Recommended action:

- ▶ Receive the report on the proposed rate adjustment at the Ukiah Transfer station



# Prop 218 Initiation: Adjustment to Curbside Collection Rates

## Purpose:

- ▶ Maintain appropriate curbside service
- ▶ Meet diversion goals
- ▶ Fund landfill closure, post-closure, and corrective action
- ▶ Process
  - ▶ Council approves initiation
  - ▶ 45 day protest period
  - ▶ Protest procedures adopted by council
  - ▶ Rate methodology and calculation details can be found on City's website
  - ▶ Hold public hearing on November 16, 2016



## Prop 218 Initiation: Adjustment to Curbside Collection Rates (cont)

### Effect:

- ▶ 3.56 – 9.38% increase to curbside rate
  - ▶ Includes increase of \$12 to transfer station tipping fee
    - ▶ Current rate: \$2
    - ▶ New rate: \$14
  - ▶ 3.59% on most service
  - ▶ Example: 32 gallon rate adjusts from \$18.17 to \$18.82 per month
    - ▶ \$0.65 increase
  - ▶ Still the lowest rate in the area (Fort Bragg to Lakeport to Cloverdale)