

---

---

## AGENDA MEMORANDUM

---

---

To: Board of Directors

From: Chuck Duffy, General Manager

Subject: Consideration of an Amendment to the Franchise Agreement with Recology of the Coast for Solid Waste and Recycling Services and a Resolution Amending and Approving a New Rate Schedule for Fees and Charges for Solid Waste and Recycling Services in Accordance with Articles XIII C and D of the California Constitution (Proposition 218).

Date: December 14, 2017

---

The attached Amendment to the Franchise Agreement with Recology of the Coast is presented for your Board's approval, along with the proposed revised rate schedule and the Resolution enacting the rate increase. At this December 14 Board Meeting, the District will hold a noticed Public Hearing to consider public comment and all protests against the proposed new rate increases in accordance with the provisions outlined in Proposition 218. If written protests against the proposed fee or charge are presented by a majority of owners of parcels within the District, the District will be prohibited from imposing the new rate schedule. Staff has followed the provisions contained in Prop. 218, including providing a written notice at least 45 days prior to this Public Hearing containing: (a) the amount of the fee or charge proposed to be imposed; (b) the basis upon which it was calculated; (c) the reason for the fee or charge; (d) the date, time, and location of the Public Hearing. This Amended Franchise Agreement will go into effect on January 1, 2018. Revisions to the existing Franchise Agreement include:

- Recology has proposed a rate increase of 5.76% for 2018.
- The Amended Agreement and rate schedule with annual increases extends through the end of 2027, with the methodology for each year's rate calculation included.
- Any increases in the rate schedule after December 31, 2022 are contingent upon GCSD approval via a new Proposition 218 process in 2022.
- The starting time for residential pick-up has been changed to 6 a.m. from 7 a.m.
- The cap for yearly rate increases is 6%.
- The Agreement allows for the District to defer increases above 5% to the next one or two index based years.
- Revise greenwaste pick up from four (4)-30 gallon customer provided containers every other week, to one (1)-96 gallon Recology provided wheeled cart, plus one (1)-30 gallon, customer-provided container every other week.

Staff recommends that your board:

- a. Open the Public Hearing Board and hear and consider all public comment and all written protests.
- b. Close the Public Hearing.
- c. Board consideration of public comment and all written protests.
- d. Board consideration of the Resolution for the New Rate Schedule, and on the Amendment to the Recology Franchise Agreement.

## FIRST AMENDMENT TO FRANCHISE AGREEMENT

This **FIRST AMENDMENT** to the Franchise Agreement hereinafter referenced is entered into and effective as of January 1, 2018 between the Granada Community Services District, a public agency ("District"), and Recology of the Coast, a California corporation ("Contractor").

**WHEREAS**, District and Contractor are parties to that certain Franchise Agreement for Solid Waste and Recycling Services effective January 1, 2015 ("Agreement"), and wish to amend the Agreement as set forth herein.

**NOW, THEREFORE**, the parties agree as follows:

1. Section 2.03 of the Agreement is hereby amended to read as follows:

**"2.03. Term.** The initial term of this Agreement shall commence upon the Effective Date and shall expire as of midnight December 31, 2017. The extended term shall commence January 1, 2018 and shall expire December 31, 2027. If this Agreement is terminated prior to the expiration of the extended term, District shall purchase from Contractor all Containers owned by Contractor or its Affiliate that are then in possession of Single Family Dwelling Service Recipients within District's Service Area. The purchase price for such Containers shall equal the depreciated value of their acquisition cost as of the date of termination calculated as set forth in Section 2.8 of Exhibit "E". Said sum shall be payable on or before the date that is 90 days after the date of termination. This provision shall survive the expiration or earlier termination of this Agreement."

2. Section 4.04.1 of the Agreement is hereby amended to read as follows:

**"4.04.1 Collection.** Contractor shall collect Yard Waste from Single Family Dwelling Residential Service Recipients once every two weeks on the regularly scheduled day of the week for such Collection as posted on Contractor's website. Contractor shall service one (1) 30-gallon capacity customer-provided Container provided that it weighs 25 pounds or less, and shall provide and service one (1) ninety-six gallon capacity wheeled cart, for each Single Family Dwelling for Yard Waste Collection. Contractor shall include a description of Composting Programs in Contractor's Education and Public Awareness Program pursuant to Section 5.05."

3. Section 4.10.1 of the Agreement is hereby amended to read as follows:

**"4.10.1 Residential.** Solid Waste, Recyclable Material, and Yard Waste shall be Collected from Premises occupied by Residential Service Recipients only on weekdays between the hours of 6 a.m. and 6 p.m. Contractor shall notify District and such Service Recipients in writing at least two (2) weeks prior to instituting a change in their Collection days. No scheduled change shall cause a lapse of more than seven (7) consecutive days in Collection service to any Residential Service Recipient. Contractor shall notify Residential Service Recipients of designated alternative collection days when the regularly scheduled Collection days fall on holidays observed by Contractor."

4. Section 6.02.A of the Agreement is hereby amended by substituting the following table for the table included therein:

<b>Rate Year Start Date</b>	<b>Method to Determine Rates for Such Rate Year</b>	<b>Application Submittal Date</b>
January 1, 2018	Index-Based	September 1, 2017
January 1, 2019	Cost-Based	September 1, 2018
January 1, 2020	Index-Based	September 1, 2019
January 1, 2021	Index-Based	September 1, 2020
January 1, 2022	Cost-Based	September 1, 2021
*January 1, 2023	Index-Based	September 1, 2022
*January 1, 2024	Index-Based	September 1, 2023
*January 1, 2025	Cost-Based	September 1, 2024
*January 1, 2026	Index-Based	September 1, 2025
*January 1, 2027	Index-Based	September 1, 2026
* the rates for these years are contingent on GCSD approval of the rate schedule via a new Proposition 218 process		

5. Section 6.04 is hereby added to Article 6 of the Agreement to read as follows:

**“6.04. Deferral of Maximum Rate Adjustments in Cost-Based Years**

**A.** If the maximum rate adjustment required by the cost-based methodology in Exhibit E (Cost-Based Adjustment”) exceeds five percent (5%) for any cost-based Rate Year, then District may elect to defer some or all of the increase above five percent (5%) to the next one or two index-based Rate Years, in accordance with this Section 6.04.

**B.** If District elects to make such a deferral, it shall notify Contractor of its election by November 1 preceding the start of the cost-based Rate Year in question. The notice shall specify the portion of the Cost-Based Adjustment that District wishes to defer and how that portion is to be allocated among the next one or two index-based Rate Years. The amount so deferred shall be subtracted from the maximum rate increase for the cost-based Rate Year, and added to the maximum rate adjustment that would otherwise apply for the subsequent Rate Years, as allocated by District.

**C.** The purpose of the deferral mechanism is to smooth maximum rate adjustments, not to reduce compensation to Contractor. The parties further intend that any amounts deferred be recovered within the same three-year rate cycle (i.e. one cost-based year followed by two index-based years). If, notwithstanding the foregoing, District fails to adjust maximum rates to enable Contractor to recover all amounts deferred under this Section within any three-year rate cycle, and by the last year of the Term, then District shall pay the amount of the shortfall to Contractor within 180 days after the end of such three-year rate cycle or the end of the Term, as

the case may be. Such remedy shall be cumulative to any other remedy Contractor may have under this Agreement or at law.

**D.** All calculations required to give effect to this Section shall be calculated by Contractor in good faith and shall be subject to administrative review by District. Deferrals under this Section shall be “below the line” and shall not affect the value of any Cost Components or of Total Calculated Costs.”

**6.** Exhibit D of the Agreement is hereby deleted and replaced in its entirety with Exhibit D attached to this First Amendment to the Agreement.

**7.** Except as expressly modified by this Amendment, all terms and conditions of the Agreement shall remain unchanged and in full force and effect. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement. All references in this Amendment to Articles, Sections and Exhibits refer to articles, sections and exhibits of the Agreement.

**IN WITNESS WHEREOF**, the duly authorized representatives of the parties have executed this First Amendment to Franchise Agreement as of the date first written above.

Granada Community Services District

Recology of the Coast

By: \_\_\_\_\_  
Jim Blanchard,  
President

By: \_\_\_\_\_  
Michael J. Sangiacomo  
President & CEO

Countersigned: \_\_\_\_\_  
Delia Comito, Secretary

**Exhibit D**

Schedule of Maximum Refuse Collection and Recycling Fees and Charges, January 1, 2018 - December 31, 2018

## RECOLOGY OF THE COAST SOLID WASTE &amp; RECYCLING SERVICES

## Comparison of Current and Proposed Rates

(Rate Adjustment Factor is 5.76%)

	Current 2017 Rates	5.76% Proposed 2018 Rates
<b><u>RESIDENTIAL SERVICE</u></b>		
1. Weekly collection, single container placed in front of premises, wet and dry garbage ("first can service") in wheeled carts -		
a. Container limits: Volume - 20 gals (3/10 cu yd), up to 40 lbs - per month:.....	\$17.86	\$18.89
b. Container limits: Volume - 32 gals (1/4 cu yd), up to 60 lbs - per month:.....	\$22.02	\$23.29
c. Container limits: Volume - 64 gals (1/2 cu yd), up to 100 lbs - per month:.....	\$72.17	\$76.33
2. Special Services (in addition to base charges above) -		
a. Container placed at side or rear of dwelling - per container:.....	\$5.81	\$6.14
b. Container not placed at specified collection point and return call required - per container:.....	\$14.11	\$14.92
c. Extra 30 gal bag with collection (excludes 20 gal cart service) - per bag:.....	\$7.48	\$7.91
d. Special collections combined with regular service, including collections for brush, yard clippings, boxes, etc.:.....	Estimate	Estimate
3. Bulky goods drop-off service four times per year within GCSD service limits including greenwaste:.....	Included	Included
4. Weekly commingled recyclable materials collection (64 gal wheeled cart):.....	Included	Included
5. Every other week greenwaste (yard trimmings, etc.) collection, limited to one 96 gal wheeled cart, and one (1) customer provided 30 gal container:.....	Included	Included
6. Bulky goods curbside collection service, limited to four (4) times per year:..... (Each pick up limited to one (1) item up to 200 lbs or five (5) - 30 gal bags)	Included	Included
7. Drop-off at Recycling yard in Pacifica of motor oil, latex paint, unpainted lumber, large pieces of metal, styrofoam, e-waste, large appliances, furniture, mattresses, large amounts of recyclable materials:.....	Included	Included
8. Christmas tree pick up thru January 31st:.....	Included	Included
a. Christmas tree pick up after January 31st - per tree:.....	\$22.12	\$23.39
<b><u>MULTI-FAMILY. COMMERCIAL AND INDUSTRIAL SERVICE</u></b>		
1. Service to restaurants, hotels, cafes, apartments, stores and similar places of business, factories, schools and institutions: Wet and dry garbage - Container limits: Volume - 30 gals (1/4 cu yd), up to 75 lbs -		
a. Regular collections -		
One (1) - 32 gal collection - once per week:.....	\$33.94	\$35.89
One (1) - 64 gal collection - once per week:.....	\$108.21	\$114.44
One (1) - 96 gal collection - once per week:.....	\$178.10	\$188.36

	5.76%
<b>Current</b>	<b>Proposed</b>
<b>2017</b>	<b>2018</b>
<b>Rates</b>	<b>Rates</b>

**MULTI-FAMILY, COMMERCIAL, AND INDUSTRIAL SERVICE Cont'd**

b. Additional 64 or 96 gal commercial carts picked up more than once per week - will be original charge times the number of pickups:.....	Will Vary	Will Vary
2. Commercial Container Rental -		
a. 1 cubic yard box - per collection:.....	\$47.73	\$50.48
b. 2 cubic yard box - per collection:.....	\$61.90	\$65.47
3. Commercial Container Collections -		
a. 1 cubic yard box - per collection:.....	\$42.75	\$45.21
b. 2 cubic yard box - per collection:.....	\$85.05	\$89.95
4. Compacted Commercial Container Service -		
a. 1 cubic yard box - per collection:.....	\$82.02	\$86.74
b. 2 cubic yard box - per collection:.....	\$165.66	\$175.20
5. Recyclable material collection up to five times per week:.....	Included	Included

**DEBRIS BOX SERVICE**

1. Seven (7), fourteen (14), twenty (20) and thirty (30) yard containers -		
a. Container rental, delivery, and pickup charge:.....	\$315.21	\$333.37
b. \$7.85 per ton confirmed by disposal site weight slip:.....	Will Vary	Will Vary

**SPECIAL PROVISIONS**

1. Financial hardship rate for weekly collection for single container placed in front of premises, wet and dry garbage 32 gal can (PGE Care Program-15% reduction):.....	\$18.72	\$19.80
2. Administrative charge for placement of delinquent accounts on County property tax roll - per account:.....	\$55.13	\$58.31
3. Charge to photocopy, fax, or scan documents - 1st page:.....	\$2.17	\$2.29
Each additional page:.....	\$0.54	\$0.57

**COMMERCIAL COMPOSTING RATES**

1. Commercial Container Rental -		
a. 1 cubic yard box - per collection:.....	\$47.63	\$50.48
b. 2 cubic yard box - per collection:.....	\$61.90	\$65.47
2. Commercial Composting Container Collections -		
a. 1 cubic yard box - per collection:.....	\$75.62	\$79.97
b. 2 cubic yard box - per collection:.....	\$98.06	\$103.70

## **GRANADA COMMUNITY SERVICES DISTRICT**

### **RESOLUTION NO. 2017- \_\_\_\_**

#### **RESOLUTION AMENDING AND APPROVING RATE SCHEDULE TO BE CHARGED BY RECOLOGY OF THE COAST FOR SOLID WASTE AND RECYCLING SERVICES PROVIDED WITHIN THE GRANADA COMMUNITY SERVICES DISTRICT AND APPROVING AMENDED FRANCHISE AGREEMENT**

The Board of Directors of the Granada Community Services District (“District”) finds and determines as follows:

WHEREAS Recology of the Coast (“Recology”) has provided information to the District which demonstrates that a rate increase is necessary in order to offset increased costs of solid waste and recycling collection service operations which Recology cannot absorb within the present rate structure; and

WHEREAS the last rate increase granted to Recology was three years ago;

WHEREAS, a new amended Franchise Agreement has been negotiated between District Staff and Recology for consideration and final approval by the District Board;

WHEREAS, all due and proper notice of the proposed rate increase has been given in accordance with the provisions contained in Articles XIII C and D of the California Constitution (Proposition 218) and related implementing legislation;

WHEREAS, the Board of Directors has conducted a noticed public hearing on the proposed rate increase and the new amended Franchise Agreement and considered and counted all duly submitted protests thereto and found that no majority protest has been made;

WHEREAS, in the interests of the ratepayers of the District and of Recology, certain rate adjustments are reasonable and justified in the amounts set forth in Exhibit “A” to this Resolution.

WHEREAS, it is in the interests of the District to enter into a new amended Franchise Agreement with Recology under the terms and conditions set forth in Exhibit “B” to this Resolution.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the District that in consideration of the foregoing findings and determinations, maximum rates for solid waste and recycling collection services are adjusted as of January 1, 2018 to be as listed on Exhibit “A” attached hereto, and have been duly established for said services of Recology within the applicable area of the District.

BE IT FURTHER RESOLVED by said Board that the Amendment to the Franchise Agreement attached hereto as Exhibit “B” is approved and that the Board President is hereby authorized to

execute said Amendment to the Franchise Agreement.

The above and foregoing Resolution was duly and regularly passed and adopted at a special meeting of the Board of Directors of the District held on the 14<sup>th</sup> day of December 2017, by the following vote:

AYES, and in favor thereof, Members:

NOES, Members:

ABSENT, Members:

ABSTAIN, Members:

---

, President

COUNTERSIGNED:

---

Delia Comito, District Secretary