



Legislation Details (With Text)

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Title: Report regarding a resolution confirming the change in solid waste collection rates to be collected by the South San Francisco Scavenger Company effective July 1, 2019. (Christina Crosby, Interim Director of Finance).

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Attachments: 1. Attachment 1 - South San Francisco Scavenger Company - Presentation 06 12 2019, 2. Attachment 2 - 2019 Rate Application Package SSF, 3. Attachment 3 - Franchise Agreement

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Report regarding a resolution confirming the change in solid waste collection rates to be collected by the South San Francisco Scavenger Company effective July 1, 2019. (Christina Crosby, Interim Director of Finance).

RECOMMENDATION

It is recommended that the City Council adopt a resolution confirming the change in solid waste collection rates to be collected by the South San Francisco Scavenger Company effective July 1, 2019.

BACKGROUND/DISCUSSION

On July 9, 1997, the City Council approved a franchise agreement for collection and disposal of solid waste with the South San Francisco Scavenger Company (Franchise Agreement). Under the terms of the Franchise Agreement, the solid waste rates are adjusted every third year based on a rate survey of cities throughout the San Francisco Bay Area, and adjusted by 80 percent of the Consumer Price Index (CPI) in the intervening years.

The proposed rates for solid waste and sludge hauling for 2019-20 accurately reflect an increase of 80 percent of the CPI or 2.63 percent. City staff has confirmed that the data from the United States Bureau of Labor Statistics indicates that the CPI in February 2018 was 275.699 and 284.758 in February 2019. Staff has also confirmed the calculation of 80 percent of the change in CPI, equaled 2.63 percent.

Scavengers would like to note, the effects of policy changes in China regarding the importation of paper, cardboard and plastics has created chaos in the world recycling markets. This is primarily due to the loss of markets for recyclable materials, which has led to a significant revenue decrease and a significant increase in expenses in the industry, not just in the Bay Area or in California, but nationwide and worldwide. The lack of markets and the increased costs of sorting to a higher standard, is putting tremendous upward pressure on rates, since the mandated diversion goals have not changed. As a result, the Scavengers would like to note that rates in the region were increased significantly in the last year and are being increased all over California to make up for the lack of revenue and increased expense to achieve the same mandated diversion goals. In other states,

some cities are being forced to abandon various aspects of their diversion programs, or are even eliminating curbside recycling altogether. Today's conditions are not expected to be temporary, and if anything, will probably get worse.

In 2013, the City entered into an amended agreement with the Scavengers that provides for a rolling 20-year franchise term. The longer term was implemented to allow the Scavengers to have a longer period to obtain financing for their investment in capital improvements. As part of their approval of that amendment, the Council asked the Scavengers to provide an annual update on the status of their capital improvement program. Representatives of the Scavengers will be at the meeting on June 12th to present this information, a summary of which is in the PowerPoint attached to this report (Attachment 1).

FISCAL IMPACT

The rates for residential customers using the 20-gallon can size will increase from \$25.99 to \$26.67 per month. Rates for residential customers using the 32-gallon will increase from \$33.52 to \$34.40 per month. A copy of the full rate proposal is attached for Council's information (Attachment 2).

CONCLUSION

Adopting the associated resolution will confirm that the Scavenger's solid waste proposal satisfies the terms of the Franchise Agreement with the City.

Attachments:

1. South San Francisco Scavenger Company PowerPoint Presentation
2. Letter from South San Francisco Scavenger Company dated May 16, 2018, including Rate Survey and Rate Schedule
3. Franchise Agreement and 2013 Amendment between City and South San Francisco Scavenger Company