



Legislation Text

File #: 19-252, **Version:** 1

MEMORANDUM

TO: Board of Supervisors

FROM: Lars Ewing, Public Services Director

DATE: March 26, 2019

SUBJECT: Consideration of (a) Amendment Two to Agreement between the County of Lake and Lake County Waste Solutions, Inc. for Solid Waste Handling and Recycling Services; and (b) Amendment Two to Agreement between the County of Lake and South Lake Refuse Company, LLC for Solid Waste Handling and Recycling Services

EXECUTIVE SUMMARY:

Lake County Waste Solutions (LCWS) and South Lake Refuse and Recycling (SLRR), the County's two franchise solid waste haulers, are key partners in meeting the overall goal of reducing the amount of recyclable material disposed at landfills. Included in each of the hauler agreements is the requirement to provide a 96-gallon container for the collection of recyclable material to all subscribed customers receiving regular solid waste collection services. Each hauler then transports the collected recyclables to an out-of-county material recovery facility (MRF) for processing - LCWS hauls to the Pacific Recycling Services MRF in Ukiah, while SLRR hauls to the Upper Valley Disposal MRF in St Helena. For decades the sorted recyclables were then exported to overseas markets, primarily China, a practice that was standard for nearly every other local jurisdiction in California and served as the backbone of California's successful recycling efforts.

However, recent changes in China's trade import policies have significantly disrupted California's recycling industry by restricting foreign imports of recyclable materials and requiring drastically reduced contamination levels in recyclable material. These changes, collectively referred to as "National Sword", have for all intents and purposes choked off Chinese markets to scrap imports from California. Furthermore, long-term dependence on the Chinese market led to the shrinking of domestic and other overseas markets, leaving fewer buyers to be found for our recyclables. Now, material that would have previously been shipped overseas is either being stockpiled at the MRFs with no place to go or transported to markets that remain available but come at an economic loss.

Due to the magnitude and lasting financial impacts of the situation, last year both MRFs implemented

a new tip fee for incoming recyclable material to their customers. While each tip fee is different, they are both founded on the composite market value of the MRF recyclable material output. Both hauler agreements allow for the modification of service rates if extraordinary events occur that are outside the control of either party; the new MRF fees triggered such a request from both haulers.

Staff worked with the haulers, a third-party environmental consulting group that specializes in solid waste management systems, other municipal solid waste agencies in California, and the Lake County Solid Waste Task Force to identify a solution. The recommendation is to implement a recycling surcharge (or credit) to each customer's bill that proportionately matches the recycle market increases and decreases. This approach is fundamentally similar to the fuel surcharge (or credit) already permitted in the hauler agreements and included on each customer's bill to reflect fluctuations in vehicle fuel costs. The proposed recycle surcharge will be applied to a customer's bill if the composite recycle market value is less than \$115/ton, and a credit will be applied to customer's bill if the composite recycle market value is \$155/ton or more.

To understand the impact of the proposed surcharge (or credit) it is important to consider the potential financial effect to customers. Based on the composite market value grid for the most recent available three-month period, a residential customer with a 32-gallon or 35-gallon cart would have a surcharge of between \$0.98 and \$1.25 added to their monthly bill.

FISCAL IMPACT: ☒ None ☐ Budgeted ☐ Non-Budgeted

Estimated Cost:

Amount Budgeted:

Additional Requested:

Annual Cost (if planned for future years):

FISCAL IMPACT (Narrative): There is no fiscal impact to any County budgets as a result of the proposed amendment.

STAFFING IMPACT (if applicable): None

RECOMMENDED ACTION:

- (a) Approve Amendment Two to Agreement between the County of Lake and Lake County Waste Solutions, Inc. for Solid Waste Handling and Recycling Services and authorize the Chair to sign.
- (b) Approve Amendment Two to Agreement between the County of Lake and South Lake Refuse Company, LLC for Solid Waste Handling and Recycling Services and authorize the Chair to sign.