



STAFF REPORT

ITEM NO. 7

*Continued from 11/20/12 +
12/4/12*

DATE: ~~NOVEMBER 20, 2012~~ *December 17, 2012 Special Meeting*
TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ROD FOSTER, CITY MANAGER *[Signature]*
PREPARED BY: AMER JAKHER, P.E. PUBLIC WORKS DIRECTOR *40*
SUBJECT: WASTE DISPOSAL AGREEMENT BETWEEN THE COUNTY OF SAN BERNARDINO AND THE CITY OF COLTON

RECOMMENDED ACTION

It is recommended that the City Council approve the attached Amendment No. 5 to the Waste Disposal Agreement (WDA) between the County of San Bernardino (County) and City of Colton (City) to change the termination date from June 30, 2013 to June 30, 2016.

GOAL STATEMENT

The proposed action will assist both the City and the County in planning for future fiscal years' budgeting of solid waste disposal services and costs.

BACKGROUND

On May 12, 1998 the City and the County entered into a Waste Disposal Agreement ("WDA") along with thirteen (13) other cities. These cities include Apple Valley, Barstow, Big Bear Lake, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Rialto, Twenty-Nine Palms, Victorville, Yucaipa and Yucca Valley. The County Disposal System includes six active landfills and four transfer stations.

The County charges a tipping fee for every ton of controllable waste delivered to its landfills. This tipping fee is adjusted annually based upon a complex formula, and is currently \$38.79 per ton, which is lower than the gate rate of \$46.04 charged to other customers. There are four prior amendments to the WDA, which is currently set to expire on June 30, 2013.

ISSUES/ANALYSIS

The County and all parties to the WDA (that being the 14 cities in the County noted above) have determined that it is in the best interests to change the termination date from June 30, 2013 to June 30, 2016. The Amendment to the WDA Agreement shall be effective if and only when all fourteen (14) cities have adopted a counterpart of Amendment No. 5 and after such Amendment has been adopted and executed by the County.

In addition to the WDA expiring in June of 2013, the County has indicated that the Colton Landfill will be closing in early 2013. This will require the City's Contract Hauler, Taormina Industries LLC, a wholly owned subsidiary of Republic Services, Inc. ("Republic Services") to take waste to an alternate landfill. The longer hauls to the alternate landfill will be an additional cost to the residents, if Republic Services decides to seek an amendment to its rates to pass-on those costs to Colton ratepayers. The City also receives \$1 per ton as host city fees from the County for the waste disposed of in the Colton Landfill. The host city fee amounts to about \$130,000 per year, and these funds are used to repair and clean City streets. This source of revenue will also be lost as a result of the landfill closing in 2013.

FINANCIAL IMPACTS

There is no direct financial impact in approving this Amendment No. 5, but staff believes in doing so the City will ensure an overall more favorable disposal rate over the next 3 1/2 years. The current gate rate is \$46.04 per ton, whereas under the WDA the City pays \$38.79 per ton.

However, there are potential future additional costs of hauling the waste to a farther site once the County closes the Colton Landfill. Residential customer rates may increase approximately .30 per month if Republic Services decides to seek a rate increase to pass-on the costs of the longer hauls. While the City's agreement with Republic allows them to pass-on those costs, it is not an "automatic" increase. Republic must request the increased rate from the City and the City would be bound to approve the increase per the current waste collection agreement.

In addition, with the loss of the host city fees due to the closure of Colton Landfill, the City's revenue will decrease by approximately \$130,000/year.

ALTERNATIVES

1. The City has also been approached by Republic Services to immediately enter into a longer term disposal agreement (up to ten years) instead of approving the proposed WDA Amendment. Republic Services is offering to offset the costs of the longer hauls and provide the City with funds to compensate for the lost host city fees. The current contract for Republic Services is due to expire in June 2016, coinciding with the proposed expiration of WDA with County of San Bernardino. As such, the City has the option of not approving the WDA amendment and instead extending the term of Republic Services agreement, whereby Republic Services has offered to offset the economic impacts of the Colton Landfill closure. However, staff believes that extending the WDA for 3 years will provide the most bargaining leverage for the City, as we will have 3 and 1/2 years to consider amendments to our agreement with Republic Services or even consider an RFP to test the market for waste collection services. Moreover, if Colton opts out of the WDA, all other 13 cities will forfeit this waste disposal option, and most will likely have to endure the higher gate rate for disposal at the landfill. Out of an abundance of caution and to provide the most bargaining leverage on behalf of the City's

ratepayers, staff has informally discussed with County staff that the City will be looking at all available options for disposal services over the next three years, and may not extend the WDA beyond the date of the proposed amendment (June of 2016). Staff believes this provides the best overall financial benefit for its ratepayers, as the City will have plenty of time to consider all waste collection options, and hopefully the County will continue to offer all 14 cities better rates beyond 2016 if the WDA remains intact.

2. Provide alternative direction to staff.

ATTACHMENTS

Waste Disposal Agreement - Amendment No. 5

WASTE DISPOSAL AGREEMENT

BETWEEN

THE COUNTY OF SAN BERNARDINO, CALIFORNIA

AND

THE CITY OF COLTON

DATED: May 12, 1998

County Authorization Date:

City Authorization Date:

County Notice Address:

Solid Waste Management Division
222 Hospitality Lane, 2nd Floor
San Bernardino, CA 92415-0017

City Notice Address:

Emergency Contact:

Arthur L. Rivera
Division Manager
(909) 386-8703

Emergency Contact:

AMENDMENT NO. 5 TO THE
WASTE DISPOSAL AGREEMENT

On May 12, 1998 the City of Colton ("City") and the County of San Bernardino ("County") entered into a Waste Disposal Agreement ("WDA"). The parties hereby amend the WDA, on the Effective Date as provided herein, by their respective execution of this agreement (hereinafter "Amendment").

Recitals

- A. In connection with the on-going administration of the WDA, the Parties have determined it is now in their best interests to change the termination date to June 30, 2016.
- B. This change in the termination date will assist both the City and the County in planning for future fiscal years' budgeting of solid waste disposal services and costs.

NOW THEREFORE, in consideration of the forgoing recitals and the following covenants and promises the Parties agree as follows:

- 1. Amended ARTICLE VI TERM, Section 6.1 EFFECTIVE DATE AND TERM. (A) Term.
This section is amended in its entirety to read:

SECTION 6.1. EFFECTIVE DATE AND TERM. (A) Term. This Agreement shall become effective, shall be in full force and effect and shall be legally binding upon the City and the County from the Contract Date and shall continue in full force and effect until June 30, 2016 unless earlier terminated in accordance with its terms.

- 2. Effective Date. This Amendment shall be effective if and only when all fourteen cities listed on Exhibit "A" have each adopted and executed a counterpart of this Amendment No. 5 (the amendment number may differ for each city listed on Exhibit "A") on or before October 31, 2012 and such amendment has been adopted and executed by the County on or before December 18, 2012. In all events, the conditions in the forgoing sentence shall occur otherwise this Amendment No. 5 shall be null and void and without any effect whatsoever.
- 3. No other amendments. Except as modified in this Amendment (or in any prior Amendment(s)) all other terms and conditions of the WDA, including without limit those contained in any prior Amendment, shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year first above written.

CITY OF COLTON

COUNTY OF SAN BERNARDINO

By: _____

By: _____

Name: _____
Print Name

Chairman, Board of Supervisors

Title: _____

Date: _____

Date: _____

ATTEST:

SIGNED AND CERTIFIED THAT A COPY OF THIS CONTRACT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Clerk of the Board of Supervisors
Of the County of San Bernardino

By: _____
City Clerk

By: _____
Deputy

APPROVED AS TO FORM:
CITY ATTORNEY

APPROVED AS TO FORM:
COUNTY COUNSEL SAN BERNARDINO
COUNTY, CALIFORNIA

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT A

CITIES/TOWNS WITH A WASTE DELIVERY AGREEMENT
WITH THE COUNTY OF SAN BERNARDINO
OFFERED THIS AMENDMENT SEPTEMBER 2012
FOR AN AGREEMENT END DATE OF JUNE 30, 2016

1. APPLE VALLEY
2. BARSTOW
3. BIG BEAR LAKE
4. COLTON
5. FONTANA
6. GRAND TERRACE
7. HESPERIA
8. HIGHLAND
9. LOMA LINDA
10. RIALTO
11. TWENTYNINE PALMS
12. VICTORVILLE
13. YUCAIPA
14. YUCCA VALLEY