



Folsom City Council Staff Report

MEETING DATE:	4/12/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution 10833 – A Resolution Authorizing the City Manager to Execute an Agreement with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council adopt Resolution 10833 – A Resolution Authorizing the City Manager to Execute an Agreement with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill.

BACKGROUND / ISSUE

In 2007, City Council adopted Resolution No. 8065 which authorized the City Manager to execute a 15-year agreement with Sacramento County to handle and dispose of the City's municipal solid waste (MSW) at Kiefer Landfill. The agreement contains an annual cost adjustment on the tipping (disposal) fee based on the Consumer Price Index (CPI). There was also a limit placed on the CPI where such increases could not exceed three percent of the previous year's disposal fee for solid waste tipped at Kiefer Landfill.

Since the initial agreement was executed, the City and County have amended it three times. The first was in 2010 by City Council Resolution No. 8669 which provided reimbursement to the County for the cost of handling and disposal of household hazardous waste (HHW) dropped off by Folsom residents at County facilities. Amendment one integrated most of these costs into the City's solid waste disposal tipping fee by reducing the discount. It also established a per visit fee to validate Folsom residency (Verification Fee).

The next two amendments, by City Council Resolution No. 9594 in 2015, and City Council Resolution No. 10642 in 2021 were also related to HHW collection services provided to

Folsom residents at County facilities. The changes included updates to the charges for handling and disposal, additional materials to the price list, and updates to the administrative fee. Handling and disposal costs continue to be recovered by the County through the MSW tipping fee and the verification fee is invoiced separately on an annual basis.

The original agreement that expires June 30, 2022, included three one-year extensions upon mutual agreement of both parties. Due to rising costs over the past 15 years, the County is unable to provide the extensions and has proposed a new agreement consistent with the reduced tipping fees (RTF) currently offered for other volume customers. The term of the proposed contract is three (3) years with two (2) mutually agreeable one (1) year extensions.

In addition, the County has proposed that the agreement for RTF no longer be integrated with the household hazardous waste program and that a separate agreement be executed to continue providing that service to Folsom residents.

POLICY / RULE

Section 2.36.080, Award of Contracts of the Folsom Municipal Code states in part that contracts for supplies, equipment, services, and construction with an estimated value of \$66,141 or greater shall be awarded by City Council.

Chapter 5.04, Purchasing and Contracting, of the Folsom City Charter includes in part, a provision for procurement and services and joint contracts with or through other government jurisdictions.

ANALYSIS

In November of 2020, the County implemented rate increases to accommodate for over 10 years with no increases for most fees. Since Folsom is under a contract that does not expire until June 30, 2022, the City was temporarily sheltered from the impact of these increases. The timing also worked to Folsom's advantage in that the Waste and Recycling Division was aware of the rate increase during the most recent rate analysis and the increases were accounted for in the City's rates and fees.

The reasons cited for the increase include inflation, increased green waste and recycling cost, the crash of the recycling market, and compliance with new state mandates. These factors have impacted costs throughout the solid waste industry. Despite the rate increase, Kiefer Landfill remains the lowest-cost facility for both tipping fees and transportation costs. Folsom delivers approximately 6,500 loads per year to Kiefer Landfill. The City of Folsom centroid is seven (7) miles closer to Kiefer than the next closest facility. This difference represents a savings of approximately 38 labor hours and 583 gallons of diesel fuel each week.

FINANCIAL IMPACT

RTF are based on the amount of material delivered each year. Based on Folsom’s historical tonnage of 41,000 tons per year, the City would qualify for a tier two (2), or \$3.00 per ton discount. Folsom also delivers a small amount of hard-to-handle material which does not qualify for the RTF. If the City delivers more MSW than anticipated, the excess tonnage will qualify for the higher discount. If within the term of the contract the City is consistently generating enough material to move into a higher tier, which may occur due to the buildout of Folsom Ranch, there is a contract provision to allow the City to adjust the commitment tier to achieve a higher discount on all material.

Tonnage Tiers	Tons per Year	Disposal Discount from Posted Rate
Tier 1	10,000 - 24,999	\$ (1.00)
Tier 2	25,000 - 49,999	\$ (3.00)
Tier 3	50,000 - 99,999	\$ (5.00)
Tier 4	100,000 or more	\$ (7.00)

Including both MSW and hard-to-handle waste, the department estimates that the Fiscal Year 2021-22 total cost of disposal at Keifer Landfill will be about \$1.6 million. Under the proposed contract the RTF would save the City approximately \$123,000 next year; however since the base rate that the discount is applied to has increased disproportionately to previous years, the overall projected cost in the Fiscal Year 2022-23 is estimated at \$2.3 million.

The discount provided during the term of the proposed contract is a fixed amount off the current rate charged to customers without a contract. The proposed contract eliminates the annual CPI adjustment that was part of the previous contract; however, the public rate schedule currently approved by the Sacramento County Board of Supervisors through 2026 includes a 3% annual increase. This equates to a 3.2% annual increase in Folsom’s discounted rate.

Kiefer - Approved Rate Schedule

Effective Date	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
Public/Non-contract Rate	\$ 54.45	\$ 56.10	\$ 57.80	\$ 59.55	\$ 61.35
Annual Increase		3.0%	3.0%	3.0%	3.0%
Tier 2 Discount Rate	\$ 51.45	\$ 53.10	\$ 54.80	\$ 56.55	\$ 58.35
Annual Increase		3.2%	3.2%	3.2%	3.2%

The department was aware of the future cost increase at the time of the last rate study and the rates approved by the Folsom City Council in December 2021 support the increased cost. Funds are available in the Solid Waste Operating Fund (Fund 540) for the Fiscal Year 2022-

23 and are included in the Fiscal Year 2022-23 proposed budget. Subsequent fiscal years will be included during the annual budget process.

ENVIRONMENTAL REVIEW

This action is exempt from environmental review under the California Environmental Quality Act (CEQA) in accordance with Section 21080.

ATTACHMENT

1. Resolution 10833 – A Resolution Authorizing the City Manager to Execute an Agreement with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill

Submitted,



Mark Rackovan, Public Works Director

RESOLUTION NO. 10833

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH SACRAMENTO COUNTY FOR REDUCED TIPPING FEES FOR MUNICIPAL SOLID WASTE AT KIEFER LANDFILL

WHEREAS, the City of Folsom Waste and Recycling Division provides waste collection services for Folsom residents and businesses; and

WHEREAS, Folsom's long term agreement with Sacramento County for disposal of waste at Kiefer Landfill will expire on June 30, 2022; and

WHEREAS, due to rising costs in the solid waste industry, Sacramento County is not willing to extend under the current agreement; and

WHEREAS, staff has negotiated a new agreement with Kiefer Landfill to continue delivering waste under a reduced tipping fee schedule; and

WHEREAS, the new agreement will have a term of three (3) years with two (2) optional one (1) year extensions upon mutual agreement of the parties; and

WHEREAS, sufficient funds are available in the Solid Waste Operating Fund (540); and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom Authorizes the City Manager to Execute an Agreement with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill

PASSED AND ADOPTED this 12th day of April, 2022, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

This page is intentionally left blank.