



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	6/8/2021
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution 10642 – A Resolution Authorizing the City Manager to Execute the Third Amendment with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill
<b>FROM:</b>	Public Works Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council adopt Resolution 10642 – A Resolution Authorizing the City Manager to Execute the Third Amendment 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 the Kiefer Landfill (Kiefer). 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.

In 2010, City Council adopted Resolution No. 8669 which authorized the City Manager to amend the agreement with Sacramento County. Amendment number one provided a reimbursement to the County for the cost of handling and disposal of household hazardous waste (HHW) dropped off by Folsom residents at County facilities. The cost for this service is modest, totaling approximately \$14,000 annually. Most of these costs are integrated into the City's solid waste disposal tipping fee while a smaller portion is accounted for as a separate fee to validate Folsom residency (Verification Fee). Amendment number one contained

specific costs and a methodology for calculating the HHW management costs to the County. The annual cost adjustment is also based on the CPI with a three percent annual limit.

In 2015, City Council adopted Resolution No. 9594 which authorized the City Manager to amend the agreement a second time. In amendment number two, the charges for the handling and disposal of City-generated HHW materials disposed at County facilities was changed and was based on a new cost structure which incorporated updated time and motion studies for processing these materials. Amendment number two only applied to the handling, disposal, and administrative costs for HHW items. The third amendment preserves, the CPI-based annual adjustments to the verification and disposal fees and contains a modified cost adjustment method based on year over year changes to the County's actual costs. The third amendment also specifies that the annual adjustments for the combined costs for all services cannot exceed three percent of the cost of the prior year's solid waste disposal fee.

### **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 \$62,657 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 this third request to amend the agreement, Sacramento County proposes to change the time frame and the way HHW fees are calculated. They have also added language that allows for adjustments in fees related to changes in regulatory requirements and/or new materials being identified as hazardous waste. The fee schedule will also provide consistency to all the County's HHW customers as it will be the same fee schedule the County uses for all business and residential customer loads. Specifically, the time frame will coincide with the City and County fiscal year and the fees will be calculated based on the actual costs incurred, including but not limited to labor, materials, transportation, and disposal.

There are several key benefits associated with the proposed amendment which include:

- Future fee increases shall continue to be held to an annual adjustment of no more than three percent from the previous year's tipping fee and shall not exceed the County's General Public Fee;
- The agreement provides a resource to help prevent the illegal dumping of household hazardous waste along the City's roadsides and waterways;
- The agreement continues to provide an option for Folsom residents who choose to dispose of their HHW materials on weekends at County facilities; and

- The City preserves a resource for the handling and disposal of municipal solid waste and HHW through June of 2022.

### **FINANCIAL IMPACT**

The verification fees paid for HHW services under this agreement in Fiscal Year 2019-20 were \$5,464.90 for 422 Folsom customers using Sacramento County facilities. Based on the same usage, it is projected this change will increase costs for verification fees approximately \$60. per fiscal year with the under 3% CPI adjustment. The per ton tipping fee to cover the cost of HHW handling is estimated to increase by \$.17 per ton. The City delivers approximately 41,000 tons of MSW each year, so the anticipated annual increase is approximately \$7,000. Since the HHW adjustment is calculated on the prior year actual cost, the tipping fee increase would not be recognized until FY 2022-23.

There are three, one-year extensions available under the existing agreement. However, the County has significantly raised rates at their facilities and our current reduced tipping fee is well under their new rate for MSW. Solid Waste Division staff has informally polled County staff and do not expect the County will wish to extend under these terms and we can expect a future amendment to dramatically increase the rates for MSW. We anticipate having to renegotiate MSW tipping fees in addition to the HHW portion of the fee to extend under the existing agreement, or a new agreement will need to be negotiated. The future contract cost could increase as high as \$700,000 over the Fiscal Year 2021-22 projection.

Funds have been budgeted and are available in the Solid Waste Operating Fund (Fund 540) for Fiscal Year 2021-22. 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**

Resolution 10642 – A Resolution Authorizing the City Manager to Execute the Third Amendment with Sacramento County for Reduced Tipping Fees for Municipal Solid Waste at Kiefer Landfill

Submitted,

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Dave Nugen, Public Works Director

**RESOLUTION NO. 10642**

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

**WHEREAS**, Sacramento County has been handling and disposing of the City's municipal solid waste as approved by City Council under Resolution No. 8065; and

**WHEREAS**, City Council passed and adopted Resolution No. 8669, a Resolution that amended Resolution No. 8065, which provides a cost-reimbursement to Sacramento County for Folsom residents who periodically deliver household hazardous waste to Sacramento County Disposal Facilities; and

**WHEREAS**, Sacramento County has proposed to change the time frame and method by which the fees for household hazardous waste are calculated to ensure adequate cost recovery; and

**WHEREAS**, the City continues to provide measures to prevent the illegal dumping of household hazardous waste along the City's roadsides and waterways; and

**WHEREAS**, the City continues to ensure that annual program cost increases cannot exceed three percent from the previous year's fees for municipal solid waste and household hazardous waste disposal at Sacramento County facilities; and

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

**WHEREAS**, the agreement shall 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 the Third Amendment with Sacramento County for reduced tipping fees for municipal solid waste at Kiefer Landfill.

**PASSED AND ADOPTED** on this 8th day of June 2021, by the following roll-call vote:

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

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK