

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Mathew J. Fertal
Dept.: General Manager
Subject: GARDEN GROVE DISPOSAL'S
PROPOSED ADJUSTMENT TO SOLID
WASTE COLLECTION AND DISPOSAL
RATES

From: Keith G. Jones
Dept.: Public Works
Date: May 27, 2008

OBJECTIVE

For the Board of Directors to conduct a public hearing regarding Garden Grove Disposal's proposed adjustments to solid waste collection and disposal rates and to determine whether a majority protest by the affected property owners exists.

BACKGROUND

Garden Grove Disposal has been the District's solid waste collection and disposal provider since 1989 pursuant to a franchise service agreement, as amended and restated in March 1995 and November 1999. The term of the franchise agreement was through April 2014, with automatic extensions for additional one-year periods in the absence of notice of termination by either the District or Garden Grove Disposal.

The agreement provides for automatic annual price adjustments in accordance with changes to the consumer price index ("CPI") up to a maximum of 5%. The annual adjustment was designed to offset rising costs associated with the collection and disposal services provided by Garden Grove Disposal. Specific examples of these rising costs include annual raises provided by Garden Grove Disposal to its employees, costs for compliance with more stringent air quality regulations established by the South Coast Air Quality Management District, and skyrocketing fuel costs.

The CPI adjustment is measured by the percentage change in prices to consumers for a one-year period (February 1 through January 31) preceding the adjustment, as reported for the Los Angeles-Riverside-Orange County area by the United States Bureau of Labor Statistics. Over the last 9 years, the annual CPI increase had averaged 3%.

DISCUSSION

In accordance with Proposition 218, the District mailed notices of the public hearing regarding the proposed rate adjustment to all the owners of record of affected real property parcels as they appear on the latest equalized assessment tax roll and (2) the tenants of the affected parcels. There are 38,164 affected real property parcels. In order to ensure that both the owners and tenants of affected parcels

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received the notice, there were a significant number of persons who received duplicate notices (Attachment 1).

Property owners, as defined under Proposition 218, who objected to the proposed rate adjustments, were entitled to file written protests with the City Clerk up until the time of the close of the public hearing on May 27, 2008. At the finalization of this agenda report, the City Clerk had received 71 written protests.

In accordance with the most recent CPI increase, the rate adjustment scheduled to become effective for the upcoming year was 3.92%. The public notice also provided for subsequent annual maximum adjustments of 5% through 2014. If the actual CPI increase in any of those years was less than 5%, the rate adjustment would accordingly be less. In the absence of a change in the landfill gate fees or some other unusual circumstances, these should be the only required trash rate adjustments through 2014.

COMMUNITY VISION IMPLEMENTATION


N/A

RECOMMENDATION

It is recommended that the Board of Directors:

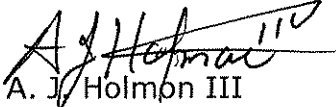
- Conduct the public hearing regarding the proposed adjustments to solid waste collection and disposal rates;
- Request the City Clerk to determine whether a majority protest exists.

In the absence of a majority protest, the rate adjustments would automatically become effective in accordance with the terms of the District's agreement with Garden Grove Disposal.


KEITH G. JONES
Public Works Director

Approved for Agenda Listing


Matthew Ferial
General Manager

By: 
A. J. Holmon III
Streets and Environmental Manager

Attachment:  