

TO: San Luis Obispo County Integrated Waste Management Authority

FROM: Peter Cron, Executive Director

RE: Discussion of the status and impacts of the County's request to initiate discussions with the San Luis Obispo County IWMA and its member agencies in order to rejoin the IWMA.

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**BACKGROUND:** On October 15, 2021, the IWMA received a formal notice of the County's intent to withdraw from the IWMA JPA, effective November 15, 2021. On March 23, 2023, the IWMA received a formal notice of the County's intent to rejoin the IWMA JPA, pending further discussion between the agencies (Attachment A).

When the County left the JPA, a Memorandum of Understanding was entered into between the IWMA and County for certain IWMA services. The MOU permitted ongoing IWMA service to the residents of the unincorporated county area. Those services include:

- Household and business hazardous waste collection and management.
- Universal waste collection.
- Electronic waste collection.
- Curbside used motor oil collection and filter disposal.
- School education and outreach for the 2021-2022 school year.
- Retail Take-Back of batteries, fluorescent lighting, paint, mercury thermostats, sharps and unwanted medication.

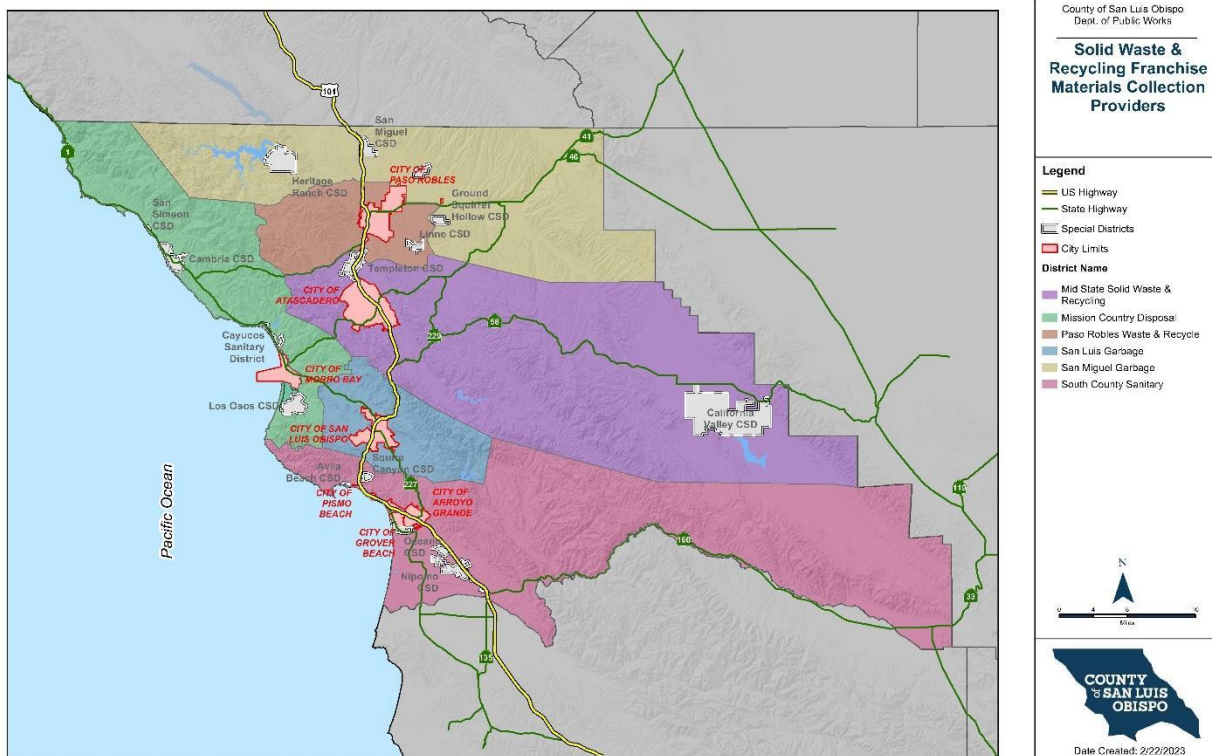
The County would assume the roles and responsibilities of reporting to the State of California on its progress in meeting CalRecycle solid waste and recycling requirements. Those requirements include:

- Capacity Planning.
- Electronic Annual Reporting.
- Non-Disposal Facility Element.
- Siting Element.
- SB 1383 requirements.
- Integrated Waste Management Plan as defined in the Source Reduction and Recycling Element.

These efforts were initially funded by the County through monies shifted from the general fund to a new solid waste division. Once the solid waste division was established, a fee study was conducted to determine the real cost of maintaining the program (Attachment B). At the conclusion of the fee study, it was determined that a rate of 8.1% was needed to fund the solid waste division at the County meaning a fee of 8.1% would be assessed on the solid waste collection rates of the unincorporated County areas.

At the March 21, 2023, Board of Supervisors meeting the Board was presented two recommendations: a) adopt the 8.1% fee or b) direct staff to initiate discussion on the prospect of the County rejoining the IWMA. The Board of Supervisors chose Option B and directed County Public Works to initiate these discussions.

On March 27, 2023 IWMA Executive Committee directed staff to explore the potential impacts of the County returning to the IWMA. The unincorporated county represents approximately 18.5% of the total population and is comprised of rural areas covering a large geographic area of San Luis Obispo County.



The unincorporated county area of San Luis Obispo has approximately 14,000 residential solid waste customers and approximately 2,000 commercial solid waste customers. Much of the area served by the San Luis Obispo County is rural and does not require mandatory solid waste services. These areas are covered by a low population waiver issued by CalRecycle that exempts them from many of the reporting requirements of SB 1383.

However, these areas are still subject to the rules of AB 939, AB 341 and AB 1826 and as such would require IWMA efforts for compliance.

The rejoining of the County to the IWMA may yield the following benefits:

- More efficient reporting and record keeping for compliance with CalRecycle requirements.
- Reduced record keeping and staff time in managing MOUs with the County for the following services:
  - Household Hazardous Waste Services.
  - Retail Take-Back.
  - Electronic Waste Collection.
  - Curbside Used Motor Oil.
- B. Continuity in messaging through public outreach and education.
- c. Potential savings to the rate payers through a scale of economics in providing services.

The rejoining of the County to the IWMA may yield the following challenges:

- Configuration and representation of the IWMA Board.
- Assurances of stability of membership.

### **FISCAL IMPACT:**

If your Board were to agree to the County returning as a member of the IWMA, fiscal impacts would be realized by IWMA once staff assumes the following responsibilities from County staff:

- Capacity Planning. (Edible Food, Organics Processing)
- Electronic Annual Reporting for the County Areas.
- Management of Non-Disposal Facility Element.
- Management of the Siting Element.
- Compliance with SB 1383 requirements in unincorporated areas.
- Maintenance of the Integrated Waste Management Plan as defined in the Source Reduction and Recycling Element.

Staff has estimated that an additional 1.5 FTE may be necessary to accomplish the task work while continuing to provide services to current member jurisdictions. While there are some savings to the IWMA and its member jurisdictions in a scale of economics, there are some fiscal impacts that the agency would need to address. Anticipated changes in expenses and revenues are listed below.

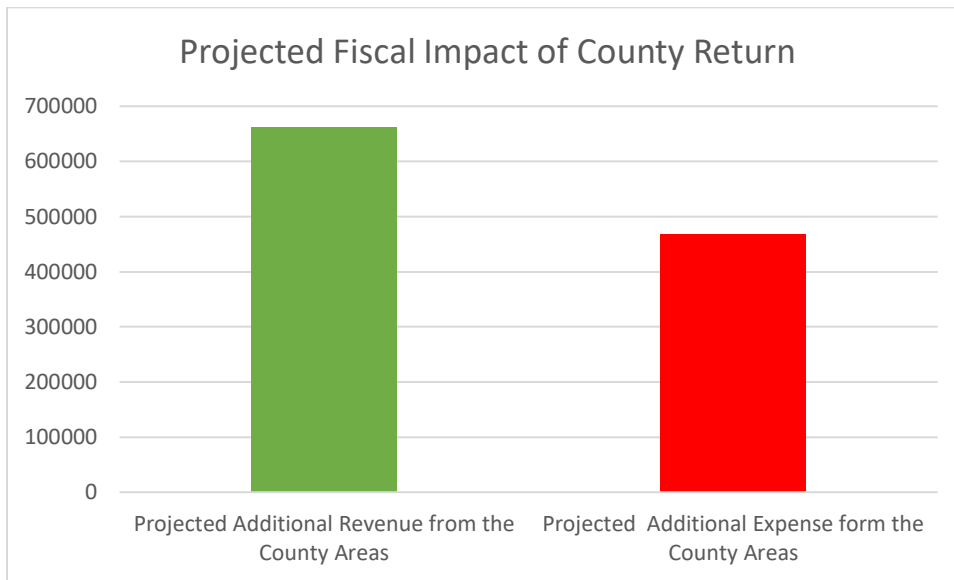
Additional Expenses

- Expenses for school education and outreach.
- Expenses for public education and outreach.
- Labor expenses for compliance programs (1.5 FTE).
- Additional administration.

Revenue

- Increase in revenue from Solid Waste Management Fee (4.4% of collection bill<sup>1</sup>).
- Increase in revenue from Landfill Tipping Fee Surcharge (\$3 per ton from unincorporated area sources).
- Increase in revenue from Block Grant Funding.
- Decrease in revenue from billing to outside agencies.

Based on the information provided by the MSW Consultants rate study funded by the County, the fiscal impact of the County returning would generate approximately \$662,000 in additional revenue and an additional \$470,000 in expenses to the IWMA. These projections take into account a proposed reduction in the IWMA Solid Waste Management Fee from the current 5.4% to the proposed 4.4% for the Fiscal Year 2023/2024.



**RECOMMENDATION:**

Staff recommends that your Board discuss the request from the County to return to the IWMA and, if accepted, appoint a committee from the Board to work with IWMA staff in conducting discussions and setting conditions for the County’s potential return to the IWMA.

<sup>1</sup> IWMA Solid Waste Management Fee is currently 5.4% but is expected to decrease to 4.4% in FY 23/24.

**ATTACHMENTS:**

- A. Letter of Intent of County Rejoining IWMA 2023-03-23
- B. County MSW Report 2023-03-21



**COUNTY OF SAN LUIS OBISPO**  
**Department of Public Works**  
John Diodati, *Director*

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March 23, 2023

**EMAIL ONLY**

San Luis Obispo County Integrated Waste Management Authority  
Attn: Peter Cron, Executive Director  
[pcron@iwma.com](mailto:pcron@iwma.com)

Subject: Letter of Intent for the County of San Luis Obispo to Rejoin IWMA

Dear Mr. Cron,

On March 21, 2023, the County of San Luis Obispo (County) Board of Supervisors directed and authorized County staff to initiate discussions on the prospect of the County rejoining the IWMA.

This letter is submitted as the County's formal request to meet with representatives of the IWMA and explore the steps and process needed for the County to become a member of the IWMA.

We would like to setup a meeting time at your earliest convenience.

I can be reached at (805) 788-2832 or via email at [jdiodati@co.slo.ca.us](mailto:jdiodati@co.slo.ca.us).

Sincerely,

*John Diodati*

JOHN DIODATI  
Director of Public Works

c: Wade Horton, County Administrative Officer, email  
Rebecca Campbell, Assistant County Administrative Officer, email

File: 755.500.10.01

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# Letter of Intent\_IWMA

Final Audit Report

2023-03-23

Created:	2023-03-23
By:	Shannon Brown (SBrown@co.slo.ca.us)
Status:	Signed
Transaction ID:	CBJCHBCAABAA78h1QhfrNN9I9wjVwVr8O-ReFxpwtR-O

## "Letter of Intent\_IWMA" History

-  Document created by Shannon Brown (SBrown@co.slo.ca.us)  
2023-03-23 - 4:37:09 PM GMT
-  Document emailed to John Diodati (jdiodati@co.slo.ca.us) for signature  
2023-03-23 - 4:38:01 PM GMT
-  Email viewed by John Diodati (jdiodati@co.slo.ca.us)  
2023-03-23 - 4:51:11 PM GMT
-  Document e-signed by John Diodati (jdiodati@co.slo.ca.us)  
Signature Date: 2023-03-23 - 4:51:31 PM GMT - Time Source: server
-  Agreement completed.  
2023-03-23 - 4:51:31 PM GMT

Names and email addresses are entered into the Acrobat Sign service by Acrobat Sign users and are unverified unless otherwise noted.



**COUNTY OF SAN LUIS OBISPO  
BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 3/21/2023	(3) CONTACT/PHONE Mladen Bandov Solid Waste Division Manager (805) 781-5116	
(4) SUBJECT Request to receive a presentation by MSW Consultants on a fee study for solid waste compliance activities and provide direction to staff on how to proceed. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> <li>1. Receive a presentation by MSW Consultants on a fee study for solid waste compliance activities; and</li> <li>2. Provide direction to staff on how to proceed, which may include: <ol style="list-style-type: none"> <li>a. Initiating the processes required to adopt the recommended solid waste management fee increases, which may include but not be limited to, following the constitutional requirements for fee adoption (e.g., Propositions 218 and 26); or</li> <li>b. Initiating discussions with the San Luis Obispo County Integrated Waste Management Authority (IWMA) and its member agencies in order to re-join the IWMA; or</li> <li>c. Other direction to staff.</li> </ol> </li> </ol>			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 min.</u> )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP No	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 11/8/22 #15, 6/21/22 #30, 4/19/22 #19, 11/16/21 #43, 11/2/21 #27, 9/14/21 #22, 8/10/21 #47	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute			
(18) SUPERVISOR DISTRICT(S) All Districts			

Reference: 23.036





## COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Public Works  
Mladen Bandov, Solid Waste Division Manager

VIA: John Diodati, Director

DATE: 3/21/2023

SUBJECT: Request to receive a presentation by MSW Consultants on a fee study for solid waste compliance activities and provide direction to staff on how to proceed. All Districts.

### **RECOMMENDATION**

It is recommended that the Board:

1. Receive a presentation by MSW Consultants on a fee study for solid waste compliance activities; and
2. Provide direction to staff on how to proceed, which may include:
  - a. Initiating the processes required to adopt the recommended solid waste management fee increases, which may include but not be limited to, following the constitutional requirements for fee adoption (e.g., Propositions 218 and 26); or
  - b. Initiating discussions with the San Luis Obispo County Integrated Waste Management Authority (IWMA) and its member agencies in order to re-join the IWMA; or
  - c. Other direction to staff.

### **DISCUSSION**

The mission of the Solid Waste Division is to support the County's compliance with solid waste management laws and regulations, following the County's withdrawal from the San Luis Obispo County IWMA. Solid waste compliance activities include planning and implementing the programs required under various State laws such as Assembly Bill (AB) 939, AB 341, AB 1826, AB 1276, Senate Bill (SB) 1383 and their associated regulations.

In addition to the solid waste compliance activities that were tasked to Public Works and historically performed by the IWMA, the Solid Waste Division performs two previously existing functions related to

solid waste: 1) post closure compliance of the Los Osos Landfill, and 2) administration of franchise solid waste haulers for collection and disposal services in the unincorporated areas of the County.

On January 24, 2023, during the Board Business item on budget goals and priorities, your Board voted 3-2 to direct staff to consider re-joining the IWMA. Since financial considerations are a key component in decision making, staff has included an option to initiate discussions with the IWMA on becoming a member again with this Board item.

### *Solid Waste Fee Study*

On August 10, 2021 your Board considered two options regarding participation in the IWMA. Option A was to initiate withdrawal from the IWMA and Option B was to re-negotiate terms of the existing JPA. After deliberation, the Board chose Option A, which included the provision that staff would return with funding recommendations. Staff wanted at least one year of real costs before conducting any kind of rate study or analysis.

During the Consent Agenda item on December 13, 2022, your Board commented on expecting to review costs and implications, given that a year has passed in which the County has been directly performing solid waste compliance activities. Staff hired MSW Consultants to perform a study on the fees needed to support the solid waste activities to comply with State's regulatory requirements, which included evaluating the sources of revenue available to the County to fund these activities and to recommend any needed fee adjustments (Attachment 1). When the County left the IWMA, the funding needed for compliance was provided by a general fund contribution. An objective of the study was to establish how the general fund contribution could be converted to a fee paid by existing county customers for County solid waste compliance.

The County is currently receiving fee revenue from two sources:

- Solid Waste Management Fee
  - These are fees paid by waste haulers to the County that are included in their charges to collection customers in the County's solid waste jurisdiction.
  - Fee amounts:
    - \$0.30 per month for residential customers charged less than \$50 per month;
    - 2% for residential customers charged more than \$50 per month; and
    - 2% for all commercial customers.
- Tipping Fee Surcharge
  - These are fees paid by waste facilities (e.g., landfills, transfer stations) to the County that are collected at the gate for waste that originated from the County's solid waste jurisdiction.
  - Fee amount: \$ 3.00 per ton.

The cost of the County's solid waste compliance activities currently exceeds the fee revenues and is being supported by the general fund. The fee study projected for this fiscal year that the total revenue collected from both sources for customers in the County's solid waste jurisdiction would be approximately \$393,749. The projected expenditures for the County to provide solid waste compliance activities would be approximately \$1,177,082. As a result, the County is projected to realize a shortfall of approximately \$783,333 in FY 2023/24.

The fee study recommended the following adjustments<sup>1</sup> to the fee amounts and structure:

- Maintain the tipping fee surcharge at waste facilities at \$3.00 per ton;
- Discontinue the \$0.30 per month fee for residential customers charged less than \$50 per month; and
- Increase the current solid waste management fee of 2% for all residential and commercial customers to 8.1%.

The recommended fee adjustments would be used to independently fund the County's projected expenditures for solid waste compliance activities and to reduce general fund support until revenue from those new fees are established and received.

*Direction to staff*

Staff is seeking direction on how to proceed following the presentation of the solid waste fee study.

**Option A:** Should the Board decide to direct staff to implement the recommended solid waste management fee adjustments, the following steps would be taken:

1. Initiate the processes required to adopt the recommended fee adjustments, which may include but is not limited to following the constitutional requirements for fee adoption (e.g., Propositions 218 and 26); and
2. Return to the Board for approval and adoption of said proposed fee adjustments including any increases to fees, changes to fee structures, and other requirements.

It is estimated that it may take at least 2-3 months to adopt the recommended fees.

**Option B:** Should the Board decide to direct staff to re-join the IWMA, the following steps would be taken:

1. Initiate discussions with the IWMA and its member agencies, including developing an understanding of the processes, conditions, and requirements needed to re-join the IWMA;
2. Collaborate on the preparation and development of documents and any needed revisions, updates, or amendments to effectuate the County as a member of the IWMA, including, but not limited to: the IWMA Joint Powers Agreement (JPA), the Memorandum of Understanding (MOU) between the County and IWMA for certain continued services (e.g., household hazardous waste collection), the Memorandum of Agreement (MOA) establishing landfill tipping fee surcharges, letter of designation (as required for grants by the California Department of Resources Recycling and Recovery), etc.; and
3. Return to the Board for approval and execution of agreements, letters, fees, and other documents needed to complete the process for the County to re-join the IWMA, including a proposal to re-assign existing staff and impacts to Public Works.

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<sup>1</sup> The proposed fee adjustments are based on projected estimates from the best available information to date and may change based on actual revenue collected and received, etc.

**Option C:** If either of these options are not desired, your Board may direct staff to proceed in a different manner.

Depending on successful negotiations and collaboration with the IWMA and member agencies, it is estimated to take 4-5 months to return to the Board for approval and execution of the necessary agreements and documents to finalize the County as a member of the IWMA. Until the membership process is complete, the County will continue to be responsible for solid waste compliance activities. Fees charged to IWMA member agencies are 5.4%, compared to the proposed 8.1% recommended in the fee study, which would result in a lower fee charged to County customers.

**OTHER AGENCY INVOLVEMENT/IMPACT**

Public Works staff has worked with the Administrative Office and County Counsel regarding the results of the solid waste fee study and possible direction to staff.

The IWMA is the agency responsible for solid waste management compliance for its member agencies which includes all seven cities and twelve special districts with solid waste powers in San Luis Obispo County.

**FINANCIAL CONSIDERATIONS**

The costs associated with preparing the solid waste fee study and receiving a presentation are included in the Fund Center (FC) 335 Waste Management FY 2022-23 Budget.

Revenue for solid waste compliance activities in FC 335 are currently provided by the solid waste management fees, tipping fee surcharges, and general fund support.

Depending on the direction provided to staff, including whether to implement the recommended fee adjustments, initiate efforts to re-join the IWMA, or otherwise, staff will return to the Board for approval of budget adjustments as needed.

**RESULTS**

The proposed actions will provide staff with direction regarding the County's responsibilities for solid waste compliance including establishing sufficient fees to fund those activities, or the County's future participation in the IWMA, resulting in a well-governed community.

**ATTACHMENTS**

- 1 Solid Waste Fee Study prepared by MSW Consultants
- 2 PowerPoint Presentation

File: 755.500.10.01

Reference: 23.036

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**Lara Christensen**

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**From:** Lara Christensen  
**Sent:** Monday, April 10, 2023 4:26 PM  
**To:** City Council  
**Cc:** Rachelle Rickard; City Clerk  
**Subject:** Item #E-1 - IWMA Board Report  
**Attachments:** E-1\_IWMA Board Report.pdf

Good afternoon Council,

The April 12, 2023, [IWMA Board Agenda Packet](#) is available online through the [IWMA's website](#). The Board Report that corresponds with Item E-1 on tomorrow night's agenda has been made available for your and the public's review, at the following link:

<http://records.atascadero.org/WebLink/ElectronicFile.aspx?docid=116658&dbid=0>

I have also attached the report here for your convenience.

Warm regards,

**Lara Christensen**

She/Her

Deputy City Manager | City Clerk

City of Atascadero | City Manager's Office

6500 Palma Avenue | Atascadero, CA 93422

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