



Upper Valley Waste Management Agency Board Agenda Letter

TO: Board of Directors
FROM: Steven Lederer - Manager
Upper Valley Waste Management Agency
REPORT BY: Steven Lederer, Director, Public Works - 259-8228
SUBJECT: Strategic Planning

RECOMMENDATION

STRATEGIC PLANNING/Upcoming Rate Package

DISCUSSION AND POSSIBLE ACTION: Discussion and possible Board direction on potential proposals that may be included in the June, 2017 rate package.

EXECUTIVE SUMMARY

The Board has requested, and staff has been evaluating, making changes to the rate tables to:

- | Provide certain additional services customers are requesting;
- | Fix rates that don't make sense;
- | Encourage "good behavior" from our rate payers

Possible changes are discussed in the background area of this agenda item.

We have also provided a preview of potential Capital equipment purchases that may requested.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of

Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Board has requested, and staff has been evaluating, making changes to the rate tables to:

-) Provide certain additional services customers are requesting;
-) Fix rates that don't make sense;
-) Encourage "good behavior" from our rate payers

Specifically, we have looked at:

1. Residential: Cost of extra Recycle or Green Waste Cart
 - a. Current residential service includes one Recycling and one Green Waste cart for no extra charge as part of the basic garbage service. If a customer wants an additional recycling or green waste cart the current charge is set at 75% of the cost of a 95 gallon garbage can. (See attached tables). Many customers have objected to this expense.
 - b. Alternatively, staff proposes that the cost of an extra recycling or green waste simply be fixed at the rate of \$20/can (this will increase with CPI over time). This rate reduction for these carts is more in line with what customers are expecting to pay, is simpler to explain and manage, and provides a greater incentive to recycle and compost.
 - c. Revenue lost from this rate decrease would be made up for with a general increase in the basic rates of about 0.3%. This percentage assumes no new carts are ordered following this change. If additional carts are ordered, which may occur at the reduced rate, the 0.3% number will decrease accordingly.
2. Drive in Rates
 - a. We currently have a rate for drive in service (i.e. if someone has a long driveway and doesn't want to take their cans to the street), but only for garbage service. We have been asked by several customers, and would like to establish, a similar drive in rate for both recycling and green waste. This is a voluntary service, so no one who doesn't want this service will be affected. It is not expected that this would have significant impact on the overall rates.
3. Encouraging the use of bins versus carts for commercial accounts in cities:
 - a. Certain Board members have discussed using the rate structure to encourage the use of large bins (typically the 4 Yard "dumpster") in lieu of using multiple carts. While the pricing of the two services is relatively the same, some businesses prefer the carts because their developments were not required to provide, and therefore lack, adequate space for their garbage service, and carts are more maneuverable and thus minimize this deficiency in planning.
 - b. It is difficult to tell whether pricing pressure in the garbage rates will resolve this issue, but staff can pursue this if there is a consensus to do so.
4. Normalizing Rates for common services across all the jurisdictions:
 - a. The Board will remember that last year we started adjusting rates for common services that aren't distance related, such as opening and closing gates, so that these costs are identical across all the jurisdictions. This phase in correction will continue this year and likely wrap up next year.

On a separate but related note, UVDS has provided a draft list of potential Capital requests for the upcoming rate

year. This request (see attachment) is in the range of \$1.0-\$1.5 million. These items are depreciated over time. Rate impact for this request, along with other items depreciated from previous approvals, is on the order of a 3% increase. Requests in the next 3 to 5 years will be in the same general cost range. This is of course only one factor in what the actual rate change may be come June. Other factors, including revenue, and cost of significant variables such as fuel, labor, insurance, etc. will be the larger driving force in the actual rates.

SUPPORTING DOCUMENTS

- A . Cart Analysis
- B . Capital Projects Draft List

Recommendation: Approve
Reviewed By: Steven Lederer