



Agenda Date: 6/22/2017

Agenda Placement: 6B

Upper Valley Waste Management Agency Board Agenda Letter

TO: Board of Directors

FROM: Steven Lederer - Manager
Upper Valley Waste Management Agency

REPORT BY: Alice Ramirez, Senior Office Assistant - 259-6716

SUBJECT: PUBLIC HEARING: Upper Valley Disposal Service and Clover Flat Landfill Rates

RECOMMENDATION

PUBLIC HEARING: UPPER VALLEY DISPOSAL SERVICE AND CLOVER FLAT LANDFILL RATES

REQUESTED ACTION: Approval and authorization for the Chair to sign:

- | Agency Resolution #17-03 setting rates for solid waste handling and disposal services at the Clover Flat Landfill; and
- | Agency Resolution #17-02 setting rates for extra services by Upper Valley Disposal Service.

EXECUTIVE SUMMARY

Clover Flat Landfill: After a review of the proposed rates, a proposed increase in rates of 3.059% is recommended.

UVDS - Rate Package: After an extensive review, an increase in rates of 1.00% could be implemented by the Board. The rate increase includes .66% to meet the required needs of UVDS and .34% for Intentional Over Collection for future capital projects.

UVDS - Extra Service Rates: After a review of the proposed rates for Extra Services (defined as services not reliant upon distance or weight of materials collected) for Commercial and new in 2017, Residential, the process of establishing uniform rates amongst the jurisdictions continues with the application of the proposed increase and further adjustments to the recommended rates effective July 1, 2017.

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

This item is specifically exempt from the voting requirements of Article XIIC of the California Constitution (Proposition 26) because the fees are imposed for a specific government service provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs for providing the services; and is exempt from Proposition 218 because service is not mandatory.

Clover Flat Landfill

Information: Clover Flat Landfill (CFL) submitted a rate package on Monday, May 1, 2017, in accordance with Agreement Number 95-06 (Agreement). With the exception of the Minimum (Refuse) Rate and the fee for Improperly Covered Loads, CFL requested that rates at the landfill be increased approximately by 3.059%. CFL requested that the Minimum (Refuse) Rate remain at \$35 and the Improperly Cover Load fee remain at \$7.

The Per Ton for Trucks & Trailers over 10 yards includes a surcharge of \$4.75 per ton of refuse in accordance with the Board action taken on May 21, 2012. In addition, the Minimum Rate and Per Yard Rate include a prorated share of the surcharge at \$1.00 per load or yard. One dollar (\$1) of the surcharge amount collected per ton as well as the additional amount for the Minimum Rate and Per Yard Rate is designated for the Household Hazardous Waste Program. The remainder funds all administrative activities of the Agency.

In accordance with the Agreement, CFL is allowed to adjust rates annually by 89% of the Consumer Price Index (CPI) for San Francisco-Oakland-San Jose, CA (3.437% increase for February 2016) over the previous twelve (12) months from February. The Auditor-Controller's Office performed a review on the rate package submitted by CFL. No adjustments were required.

Recommendation: The Auditor-Controller's Office recommends the increase of rates at CFL by 3.059% as set forth in **Attachment A**.

Upper Valley Disposal Services

Information on Rate Package: Upper Valley Disposal Services (UVDS) submitted a rate package on Monday, May 1, 2017, in accordance with Agreement Number 95-09 proposing a 3.32% increase of rates for each jurisdiction.

The Auditor-Controller's Office performed a review of the rate package. Specific attention was given to the Major Allowable and Major Recoverable Expense Categories. The Major Allowable category encompasses Wages, Related Wage Benefits, Depreciation and similar expenses for the Construction and Demolition (C & D) Program. The Major Recoverable category encompasses Landfill fees, Interest Expense on Debt and similar expenses for the Construction and Demolition Program. **Attachment C** provides the breakdown of the base costs for 2016 and the projections for 2017. The costs charged to UVDS for the C & D operations at CFL are based on 2016 actuals of

\$788,434 with projected to cost the UVDS rate payers of \$868,135 in 2017. Major purchases requested and approved in the package include a new split body collection truck, street sweeper, back-up generator and a new roof (to replace and existing worn out roof) for the materials handling area.

Adjustments were made primarily to projected costs for Wages and Benefits, Fixed Assets/Depreciation and New Programs. Detail explanations of all adjustments can be found in **Attachment B**.

Information on Extra Service Rates: In addition to the regular rate review, discussion continued with UVDS to create uniform rates amongst the jurisdictions for extra services (as described more fully below) provided to commercial and residential customers. For indeterminate reasons in the past, fees for some services which should not be dependent on location have been different from jurisdiction to jurisdiction. For example, as discussed further below, opening a gate in Yountville does not cost the same as opening a gate in St. Helena. Changes to the rates are expected to be revenue neutral.

An average rate for each extra service provided to commercial customers for the Opening and Closing of Gates, Demurrage on debris boxes, Wheels, In/Out, and Stop/Start Services was determined. The rate changes required to have uniform rates varied amongst the jurisdictions and services offered. For example, The Opening and Closing Gate rates for St. Helena will need to be increased by approximately 14%; Yountville's rates for the same service needed to decrease approximately 16% and rates need to be set for Pope Valley to agree with the calculated average rate.

In order to prevent rate shock and to ensure the change is revenue neutral, it was determined that the rates would need to be adjusted over a span of three to four years for commercial customers. Similar problems exist on the residential side of the rate tables; however, the rates will only require one year to establish rates consistent amongst the jurisdictions. These rates have been presented in **Attachment D**.

Recommendations:

Rate Package - After an extensive review, an increase in rates of 1.00% could be implemented by the Board. The rate increase includes .66% to meet the required needs of UVDS and .34% for Intentional Over Collection (IOCR) for future capital projects.

The Board is reminded they retain full discretion as to what capital project to spend the money on, but the franchise agreement does require that IOCR be spent on capital projects. The agency manager recommends that IOCR continue to be collected and that discussions this coming year determine if the IOCR will be used for gate improvements at CFL, or some other capital purpose. Currently, it is estimated, after adjustments and taxes, that \$268,000 in IOCR will be collected by June 30, 2017. It is expected that the recommended .34% included in the rate increase will provide an additional \$32,000 in IOCR after adjustments and taxes.

Extra Service Rates - Commercial and Residential Customers - The Auditor-Controller's Office recommends the adoption of the rates listed on **Attachment D**.

Rates for each Jurisdiction - The Auditor-Controller's Office recommends the adoption of the rates listed on **Attachment E** through I.

Conclusion

The Agency Manager considers this proposal to be fair and balanced for both the companies and the rate payer and recommends adoption of the rates as shown in Attachments A and D through I.

SUPPORTING DOCUMENTS

- A . Attachment A - Clover Flat Landfill Rates
- B . Attachment B - UVA Recommended Changes
- C . Attachment C - UVDS Rate Model Summary
- D . Attachment D - Extra Services Rates
- E . Attachment E - Calistoga Rates
- F . Attachment F - County (Unincorporated) Rates
- G . Attachment G - Pope Valley Rates
- H . Attachment H - St. Helena Rates
- I . Attachment I - Yountville Rates
- J . Rates Resolution #17-03 (CFL)
- K . Rates Resolution #17-02 (UVDS)

Recommendation: Approve
Reviewed By: Steven Lederer