



**MINUTES OF THE JUNE 27, 2011
REGULAR MEETING OF THE BOARD OF DIRECTORS**

1. CALL TO ORDER

The Upper Valley Waste Management Agency met in regular session on Monday, June 27, 2011 at 1:30 p.m. at the Yountville Town Council Meeting Chambers. Chair Luce called the meeting to order at 1:34 p.m.

2. ROLL CALL

The following members were present: Chair Mark Luce, Vice Chair Karen Slusser, member Sharon Crull, member Marjorie Mohler, and member Diane Dillon. Member Dillon was excused to leave the meeting at 2:15pm to attend the Citizens Redistricting Commission meeting in San Francisco.

3. PLEDGE OF ALLEGIANCE

Chair Luce led the Pledge of Allegiance.

4. PUBLIC COMMENT

None

5. CONSENT CALENDAR ITEMS

- A. Approval of Minutes
Staff requested approval of the May 16, 2011 regular meeting minutes.
- B. Staff Recommends Chair sign agreement with 21st Century Environmental Management of CA for the collection of household hazardous waste at temporary events and locations requested by the Agency. The compensation to the contractor shall not exceed \$19,000 per fiscal year.
- C. Approval and authorization for the Chair to sign the Professional Services Agreement (PSA) with Gallina, LLP to prepare the Authority's Annual Audits for the next three years (and two additional option years at the agency's discretion.)
- D. Approval and acceptance of the Agency's proposed insurance coverages.

Approved Consent Calendar: DD-MM-KS-SC-ML

6. ADMINISTRATIVE ITEMS

A. California Integrated Waste Management Act

David Briggs, ERS with the County of Napa, referred to his report on activities relevant to the Act found in the packet. In addition to the information in the packet, the following was discussed:

- The State waste management agency, CalRecycle, has announced its plan to issue the \$5,000 annual payments it provides small cities by the end of this fiscal year. It will issue \$10,000 to Napa County, the minimum amount for small counties. As in previous years, all UVWMA member cities, and the County, have agreed to place their share of these state funds into a funding pool to be used and managed by UVWMA. Staff is working with the city representatives to set priorities for use of these funds in 2011-12. Mr. Briggs noted that funds have not yet been received.

- Napa County, in cooperation with Upper Valley Waste Management Agency, was not awarded state (CalRecycle) grant funds for collection of household hazardous wastes. The project would have funded five household hazardous waste collection events over two years in the up-valley and east county areas.

Agency manager Steve Lederer recommended that the UVWMA seek other options to fund such events in the future, such as an annual one-time assessment to all residential rate payers. Mr. Lederer noted that Household Hazardous Waste events have cost approximately \$30,000 in the past, with the Agency currently servicing roughly 5,000 residential customers; each rate payer could be charged a one-time assessment surcharge of \$6. Mr. Lederer noted that a post-card mailer could be used to notify and poll all rate payers of this consideration, similar to postcard used to poll for the C&D facility.

Member Mohler questioned the likelihood of Corporate Sponsorships for funding future HHW events, adding that she would like more information regarding the attendance of past HHW events.

Member Slusser stated that the event was slow to start, noting that the event grew larger each year, and was very well received.

Steve Lederer stated that HHW events were not held in 2009 or 2010 due to the drop in UVA revenues from landfill surcharges and lack of funding for the event, noting that the last HHW event, held in 2008, was statistically the most well attended and most expensive HHW event to date.

Chair Luce noted the importance of sustaining year round HHW collection efforts in the absence of annual events and education for the community on these year round collection sites.

Steve Lederer mentioned that the City of Napa in conjunction with the County recently expanded its Fluorescents Light Bulb Collection program for residents, noting that the program is currently seeking additional locations for collection sites in areas such as Angwin, Lake Berryessa, and Upper Valley areas. Also adding that the County recently received an \$80,000 PG&E Grant to further expand the program, explaining to the members of the Board that the bulbs are transferred down to Devlin Road facility, where they are picked up by 21st Century Environmental and that 99.9% of bulb is recycled.

B. PUBLIC HEARING: 2011/2012 FISCAL YEAR BUDGET

REQUESTED ACTION: Staff requests approval and adoption of Agency Resolution #11-02 adopting the proposed final budget for fiscal year 2011/2012.

Agency Manager Steve Lederer reported that revenue from the landfill surcharge showed improvement last year. As such the budgeted revenue is \$20,000 above last year's adopted budget.

Increased expenses (\$10,000) (as compared with 2010/2011 budget) are expected in Household Hazardous Waste disposal. HHW expenses continue to increase as volumes continue to increase. An additional \$5,000 was budgeted to support general recycling programs.

The Agency commenced 2010/2011 with a \$35,000 fund balance, the minimum allowed under Board Policy. Currently estimated to complete 2010/2011 with a \$45,000 fund balance (the result of \$20,000 extra landfill surcharge revenue offset in part by \$10,000 of extra HHW expenses.) The 2011/2012 budget is designed with a roughly \$5,000 reserve, which if not used would leave the Agency with \$50,000 fund balance.

Member Mohler questioned when the last significant rate review was completed (when was the last time each individual service in the rate structure was studied to ensure it fully reflected the actual cost of providing that service).

Steve Lederer confirmed with Mr. Pestoni that the last thorough rate review was prior to 1993, stating that when the Joint Powers Authority was founded in 1993, the existing rates and services provided to various jurisdictions as well as the County were the base for which rate structures were built.

Mr. Pestoni added that the format of today's rate reviews and methodology, regulated by contract, were put together when JPA was founded in 1993. Mr. Pestoni noted that somewhat different rate structures exist in each jurisdiction due to cities and the County themselves choosing to make various policy decisions over the years as to where to emphasize revenue collection.

Karen Querin of the Auditor/Controllers office confirmed that the methodology for evaluating yearly changes in rates was thoroughly reviewed and adopted in 2007 but explained that the base numbers are based on when the cities actually joined JPA, in which there has not been a hard look at the cost behind those numbers since JPA was formed.

Steve Lederer stated that the annual rate review looks in depth every year at company revenue and expenses, confirming that even though each individual line item in the rate schedule has not been reviewed for many years, the total revenue and expenses for the company are actual and appropriate. Mr. Lederer also stated that detailed review of rate structures generally occur at contract renewal; current contract is valid through 2025. However, the Board could consider using some of its reserve funds to engage a consultant to do a more in depth review sooner.

Mr. Lederer also noted that small change on Resolution 11-02 should read Expenditures \$155,600 as well as Revenue \$155,600.

Motion made and approved for adoption of resolution with minor wording changes: SC-MM-KS-DD-ML

C. PUBLIC HEARING: UPPER VALLEY DISPOSAL SERVICE AND CLOVER FLAT LANDFILL RATES
REQUESTED ACTION: Approval and authorization for the chair to sign:

- Agency Resolution #11-03 setting rates for solid waste handling services at the Clover Flat Landfill; and
- Agency Resolution #11-04 setting rates for solid waste handling services by Upper Valley Disposal Service.

Steve Lederer reported that after an extensive review a 1.51% increase for Clover Flat landfill and a 5.89% increase for Upper Valley Disposal Service are being recommended.

Member Mohler requested Auditor/Controller Karen Querin clarify the table in "Attachment A"- UVA Adjustments and Estimated Impact of Rate Components line by line. Adding that she is unclear why Yountville is paying different amounts than any other town/city.

Member Slusser commented that by successfully implementing recycling programs the Agency is working against itself from a revenue standpoint causing rates to keep rising.

Mr. Pestoni stated that rates have consistently been higher for the town of Yountville due to the distance from Clover Flat Landfill. Yountville is 27 miles from Landfill; St. Helena, 7 miles; and Calistoga, 3 miles; respectively. Fuel and mileage is a major factor, brought by and understood by staff as fair and reasonable. Mr. Pestoni noted that distance and mileage is not the only factor, but plays a major impact.

Member Mohler questioned whether imposing a franchise fee would also impose Mandatory Service, including prop 218 vote.

Karen Querin stated that mandatory service is not required when imposing franchise fee, but a franchise fee must identify how money is being spent, adding that such money is required to be kept separate from general revenues. If mandatory service is implemented then a prop 218 vote would be necessary prior to any rate increase.

Steve Lederer stated that the Agency's current rate structure is not compatible to work with Prop 218, with Agency's May 1st submittal and annual review, it would not be possible to meet prop 218 timeframes. Adding that if the board did want to get into something that required prop 218, the Agency's rate methodology would also have to be revised.

Member Mohler questioned where funds from past "Free" events are being factored into the rates, if the Agency can no longer provide free service for special events as of July 1, 2011, because of Proposition 26. Adding that she would like clarification between residential and commercial rates for those events.

Steve Lederer confirmed that special events in the past, such as Wine Auction were provided free service by UVDS, incurring costs with no revenue. In the future, those "free" events either won't happen, so the expense will not exist, or UVDS will be paid for the service, so revenue will increase, in turn benefiting

rate payers' by an incremental amount.

Karen Querin noted that the new rate tables include a line item category for special events. Also clarifying that if an event is located within the County, it is tied to the County residential rates, and subsequently if an event takes place in Calistoga, the rates from Calistoga residential apply. Adding that alternatively if an event is associated with a commercial entity, commercial rates from that jurisdiction would apply.

Member Mohler asked for clarification regarding how much money was allocated to each jurisdiction for events from the time when the JPA was formed.

Steve Lederer confirmed that each jurisdiction has been allocated a total of \$75,000 since the formation of the JPA, noting that each jurisdiction was originally given \$50,000 to spend how they chose, in addition to each receiving \$25,000 more, when franchise agreement was revised in 2007.

Steve Rogers, Yountville Town Manager, reported on behalf of the Town Council, requesting that the following to be considered, based on input from the community:

The council requests building a fixed cost associated with the Community Clean up day, into the appropriate rate increase, therefore future events could be funded by rate payers. Mr. Rogers added that the council would like to know how the Community Clean Up event had been financed in the past, and would like documentation of the past events, noting that the information has been hard to track.

The council requests that mandatory garbage collection be evaluated. Mr. Rogers stated that the consequences of Prop 218 are understood, but it should be noted that all agencies represented by this entity have had a population decline, in which a portion of that is reflected in the change of home ownership and increase in second home owners. Mr. Rogers went on to say that the fixed cost to pick up garbage, whether it's waste, recycling or green waste, is not going down. If chosen to decrease the number of people paying, it's only going to raise the rates for the rest of the customers that are paying. Mr. Rogers reported that neighbors are proud of the fact that they share bins. Other members of the community are saying that they don't generate enough waste to utilize service, so they drop waste off in community public cans downtown. Mr. Rogers noted the concern of garbage being illegally dumped, if collection is not made mandatory.

Mr. Rogers noted that the council is interested in understanding a potential franchise fee. With research in regards to traffic and road impact in residential areas, Yountville council has found that the three trucks per day are the single biggest impact on the residential streets. Road condition is currently a major topic of conversation, sparking interest in the community to reduce garbage service. The council suggested moving green waste and recycling pick-up to bi-weekly, alternating to reduce trucks per week, which could also play a significant part in decreasing costs to service.

The Council also requested an evaluation of the recycling services of larger companies located within the town of Yountville. Such larger companies have a great number of toters on the street, as many as 15 toters per one customer, which appears to be driven by the cost of bin service.

Karen Querin noted that the rate tables have highlighted areas that signify new items. Other items are consistent with prior rates.

Member Slusser asked for clarification regarding extra pick up charges.

Karen Querin stated that Attachment C-1 in the packet depicts the Residential Rates, including the fee for an Extra pick up of bags of material that won't fit into the can.

Christie Abreu clarified that the extra fee charge pertains to an extra pick up on a customer's scheduled day.

Member Slusser stated that she is not ready to vote on this item, noting that rates are being driven up, due to the success of decreasing waste, in turn creating a bad situation for rate payers. Member Slusser added that the garbage company needs to be more creative for the future.

Member Crull suggested that UVDS provide the Board & Agency with data showing what percentage of residents in each jurisdiction is currently not receiving garbage service.

Mr. Pestoni stated that UVDS will provide that information, noting that each city would also need to provide some sort of data to compare against, such as water service data.

Members of the Board suggested looking at bi-weekly garbage service, stating that it could greatly reduce rates and road impacts.

Christie Abreu stated issues concerning bi-weekly service, including customers losing track of service dates, which creates further problems for everyone.

Dave Briggs stated that other communities that have attempted bi-weekly recycle service have found recycling pounds per household decrease; it is assumed that more recycling products get thrown into the waste.

Member Mohler and Member Slusser commented that they would like more time to re-evaluate the rates, before willing to vote on item.

Counsel Rob Paul stated that under terms of the franchise, the Board is under a contractual obligation to approve the rates that have been submitted so long as the data supports it. Under the existing franchise agreement, the Agency is entitled to yearly adjustment. Mr. Paul added that the Board is presented with the backup data to justify, that the rates being proposed are within the adopted methodology, in which the Board is establishing the rates for the upcoming fiscal year based on the existing franchise methodology.

Chair Luce confirmed the Agency's existing contract defines how rates are calculated, adding that the intention of the particular agenda item at hand is not to create a new methodology, but to verify the numbers are properly calculated and reflects what the contract stipulates. Chair Luce noted that if the Agency wanted to change the rate assessment approach such as creating a franchise fee for roads, mandating garbage service (which would trigger a proposition 218 vote), each would entail a much more in depth process that could ultimately take a years' worth of time communicating to the public and preparation of.

Member Mohler commented that the methodology justifying Yountville's rates being 11% higher and carried through for all these years needs to be re-evaluated.

Let the record reflect Member Dillon was excused before the vote took place.

Motion made and approved for adoption of resolutions: AYES: SC-KS-ML-DD(x); NOES: MM

7. FRANCHISES' BUSINESS ITEMS

A. Franchise's Status

The information in the packet was discussed, in addition to Christie Abreu reporting that the Company recently purchased 100 cardboard waste containers as well as 100 cardboard recycling containers for special events interior use. The collapsible cardboard containers are optional containers for sale through UVDS for \$6 each.

Ms Abreu also added that UVDS has added more customers to the food composting program, with 600 tons of food waste collected year to date. Food composting program takes place at the landfill, final product sold for \$28 per ton.

B. Waste Management Companies' Issues

None.

8. OTHER BUSINESS ITEMS

A. Manager's Report

Agency Manager, Steve Lederer, reported that Clerk Julia Shackford was recently married and new name is officially Julia Travis.

B. Reports from Jurisdictions

- i. Napa County: Mark Luce reported that the Napa Vallejo Waste Management Authority, which manages the American Canyon landfill, is now in contract to put Solar Panels over landfill. The energy will be sold to PG&E.
- ii. Calistoga: Karen Slusser reported that she is disappointed that UVWMA did not receive HHW grant. Would like to look into further possibilities to fund HHW events in the future. Calistoga Soroptimist has been successful in sharps pick-ups.
- iii. St. Helena: Sharon Crull intends to announce HHW Grant results at the next City Council meeting, noting that efforts will be made to educate the community on where and how to recycle HHW products.
- iv. Yountville: None

No action taken.

C. Board of Directors Comments

None.

D. Future Agenda Items

As a result of broad discussions at today's meeting the Board requested a study session on a number of topics, including:

- Franchise Fees
- Mandatory Service (and how we would change rate methodology to address Prop 218)
- Biweekly service for recycling or green waste
- Build in clean-up costs of the Yountville event into Yountville rates?
- One time (annual) residential surcharge to fund HHW event
- Whether it is time to do a "ground up" review of service costs
- Comparison of rates for multiple toters versus bins for larger commercial recycling customers
- How distance charges are applied to those with multiple toters
- Services for people who are not physically capable of moving their toters
- Whether certain services could be cut to reduce costs

9. ADJOURNMENT

Meeting was adjourned at 3:30 p.m.

AYES: _____
 NOES: _____
 ABSTAIN: _____
 ABSENT: _____

By: _____
 ATTEST: Steven Lederer, Manager of the Upper Valley Waste Management Agency

KEY
 Vote: DD = Diane Dillon; MM = Marjory Mohler; ML = Mark Luce; SC = Sharon Crull; KS = Karen Slusser
 The maker of the motion and second are reflected respectively in the order of the recorded vote.
 Notations next to vote: N = No; X = Excused; A = Abstain; B = Absent