



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, DIR OF PUB WKS/DIST ENGINEER - 259-8228
SUBJECT: MANDATORY SERVICE

RECOMMENDATION

MANDATORY SERVICE

Board to hear an update on research regarding mandatory service requirements and, if desired, provide direction to staff.

EXECUTIVE SUMMARY

At various Board meetings over the past year the Board requested that staff investigate the possibility of instituting mandatory service for all property owners within the JPA. The agency engaged the services of Tony Villalobos, who has prepared the attached research report on this subject. Tony will present his findings, and the agency manager will provide suggestions as to next steps.

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

At various meetings over the past year the Board requested that staff investigate the possibility of instituting

mandatory service for all property owners within the JPA. The agency engaged the services of an intern, Tony Villalobos, who has prepared the attached research report on this subject. Tony is a recent graduate of UC Davis with a Civil Engineering degree.

Mandatory Service, in a perfect world, addresses a number of important issues. It should:

- Minimize illegal dumping along roadways;
- Minimize "theft of service" dumping;
- Broaden the rate base, spreading fixed costs over a larger number of people;

However, challenges also exist:

- Political: This change would need to be discussed with citizens of the four member agencies (i.e some amount of outreach and public discussion). It is reasonable to assume that there will be supporters/detractors both for the status quo and for the possible change. For instance, in city dwellers who already have service and see this as a way of holding down rates may be supportive, while those with second homes who don't currently have service may view it as an imposition. County residents who currently self haul would be likely detractors. It is unclear the level of concern this may raise. It is not necessary that all four members adopt mandatory service, but if any one does, it will trigger the rate methodology changes as discussed below.
- Rate Methodology: If any member agency adopts mandatory service, the requirements of Prop 218 will then apply to our rate setting process. Our current process of setting rates on an annual basis would no longer be practical in order to accommodate Prop 218 notice and voting requirements. It is likely we would move to an every three year rate adoption schedule, with CPI adjustments built into years 2 and 3. This would require a Franchise Amendment to implement, which must be agreed to by UVDS.
- Revenue: While it seems obvious that such a plan would bring in additional revenue, the actual amount is unclear, and would be partially off set by new education and enforcement duties, as well as the cost of Prop 218 compliance.
- Jurisdiction Staff: The three incorporated members of the JPA do not currently have any significant time or cost commitments of staff or money to the waste management effort, and while the county has a staff member, his time is devoted to recycling programs, not collections. This would likely change under a mandatory service scenario due to the need to identify and enforce against non-payers. In most scenarios, non-payers are identified by jurisdiction staff (often by comparing water user accounts to garbage service accounts). Once service is started, if a customer fails to pay, initial notifications and warnings would be made by the hauler. However, after a certain period of time (60 or 90 days) the requirement to enforce falls to the jurisdiction (normally through a Code Enforcement process of warnings/orders leading to a lien on the property). The jurisdiction would have an obligation to "make whole" the hauler by paying the unpaid bill upfront, and then would recover the funds (and theoretically their enforcement expenses) via the lien process. Thus each member considering mandatory service would need to plan for providing resources to make this process work (initial identification; funds for "make whole" payments, enforcement resources for collections).

In separate but related discussions, the Board has also discussed the need to change the basic rate process from a "pay for garbage, recycling is free" model, to a "charge for bundled services" model. While not required, should the Board choose to adopt mandatory service (and therefore the 3 year rate adoption cycle), this might be a good time to also look at this change in rate philosophy.

From a cost perspective, changes to Franchise Agreements and rate methodologies have in the past cost between \$10,000 and \$30,000. I have not done any analysis specifically on the cost of these changes, but it seems likely the cost range would be consistent with those in the past. While these costs are not included in the current year

budget, we do have adequate reserves that the Board could designate should they choose to do so. From a timing perspective, the time needed to conduct outreach and the needed rate studies would likely lead us to establish an implementation date of no sooner than June, 2015.

Staff welcomes the Board's input.

SUPPORTING DOCUMENTS

A . Mandatory Service Research Report

Recommendation: Approve

Reviewed By: Steven Lederer