



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 OF ENVIRONMENTAL MGT , 253-4471

SUBJECT: Public Hearing: 2007-2008 UVDS Rates/Review of C&D Study/Fourth Amendment to UVDS Franchise

RECOMMENDATION

PUBLIC HEARING: REVIEW OF C&D STUDY/2007-2008 UVDS RATES/FOURTH AMENDMENT TO UVDS FRANCHISE AGREEMENT

DISCUSSION AND ACTION ITEM: The Board is requested to:

1) Review the results of the Construction and Demolition Debris (C&D) Study and take action to determine if the C&D recycling proposal will be accepted or rejected;

2a) If the C&D recycling proposal is rejected, authorize the Chair to sign the attached Agency Resolution (also Agency Agreement #95-09, Exhibit C – November, 2007) to adopt new (reduced) fees as shown in the attached table and those fees that the Board has not previously approved as shown on the rate schedules. (Please note that the fees shown in yellow on the spreadsheet have been put in use by the company but have not been previously approved by the Board)--or--

2b) If the C&D recycling proposal is approved:

(i) authorize the Chair to sign the attached Agency Resolution (also Agency Agreement #95-09, Exhibit C – November, 2007) to maintain the current rates as shown in the attached table. (Please note that the fees shown in yellow on the spreadsheet have been put in use by the company but have not been previously approved by the Board)

(ii) Authorize Agency Staff to develop a separate agreement with UVDS and CFL (for review and approval by the Board at a future meeting) to sequester \$964,285 (generated during the 2006 calendar year) plus the revenue generated by not reducing the fees for the current fiscal year into a trust fund to serve only the C&D program;

(iii) Approval and authorization for staff to prepare and the Chair to sign a Fourth Amendment to Agency Agreement #95-09 (Upper Valley Disposal Service) to state that diverted mixed C&D tonnage is still subject to the Landfill Surcharge Fee.

EXECUTIVE SUMMARY

The Board, in June, 2007, allowed a 90 day delay in the UVDS rate setting process to allow UVDS to prepare a study of a "New Program", a Mixed C&D recycling operation which would capture significant additional materials for diversion from UVDS debris boxes and CFL self-haul loads. The study was completed and provided to the Board, and was reviewed and evaluated at the September meeting.

Subsequent to reviewing the study, the Board requested additional time to evaluate the proposal, and for staff to conduct a survey of rate payers to determine their level of interest in the new program. Information on the new program, and a stamped postcard reply mailer was included in the October billing mailout. The survey results were 1491 "yes" and 325 "no" (out of approximately 6000 postcards mailed).

With this additional information the Board must now decide whether to reject the study and adopt new decreased (about 9%) rates, or keep rates the same and use the revenue generated from this decision to create a trust fund which be used for implementing the C&D program.

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 report is the same as was presented in September, except the underlined text has been added).

The C&D Study, prepared by Evan Edgar and Associates, provides the Board with significant new information with which to consider whether the mixed C&D proposal should be adopted as a new program and funded via UVDS rates.

Some of the highlights of the proposal include:

1. The program will target mixed C&D loads from UVDS debris boxes and CFL self-haul loads. Commercial loads with high percentages of potential recyclable materials will also be considered. Existing source separated C&D loads will not be affected.
2. The recycling line will be located at CFL and will be developed in 2 phases, with Phase 1 being an outdoor operation lasting 5 years, and phase 2 requiring construction of a building to house the operation.
3. Target opening day would be April 20, 2008 (Earth Day).
4. Calculated increase in diversion rate from 59% to 73%.
5. Estimated tonnage is 20,000 tons per year (tpy) to be processed with 15,500 tpy actually diverted from the landfill.
6. Loads will be screened "behind the gate", thus maintaining existing revenues from UVDS and CFL gate fees.
7. The life of the landfill could be extended significantly, at least until 2036 if not beyond.
8. Permit changes via the LEA would be required, but are expected to be reasonably accomplished.

9. Phase 1 of the proposal is estimated to cost approximately \$2 million in capital expenses and \$3 million in labor and other expenses. UVDS rates would pay for 75% of the cost, with CFL paying the rest out of its existing gate fees. CFL may request Board approval at some time in the future to import out-of-county waste above the currently allowed 5% (possible up to 10% or 4000 tons per year) to help offset the CFL contribution to this program.

To summarize the agency manager's opinions on some of the pluses and minuses of the proposal:

Pluses:

1. Increased diversion rate (59% current to 73% estimated) and tonnage (15,500 tpy estimated).
2. Extend life of landfill to at least 2036 (more if no additional MSW is brought in) with significant avoided costs from having to close and replace this resource.
3. Continues UVA/UVDS position of Leadership in recycling.
4. Provides a needed service to Up Valley that is available in other nearby jurisdictions (NVWMA), thereby stopping "leakage" of mixed C&D loads outside the franchise.
5. Potential Green House Gas reduction and perhaps being able to obtain credits for these reductions.
6. It's supported by the rate payers.

Minuses

1. It is very expensive (and could be more expensive if projected volumes don't materialize) both on a total dollar and per ton (over \$60/ton additional cost for materials processed on the C&D line) basis.
2. Large initial capital investment makes it hard to abandon the program even if volumes don't appear as predicted.
3. Eliminates available rate decrease and could cause rate increases in the future.
4. Reduces available funds to other possible programs (increased commercial recycling, increased incentives to force more presorted C&D loads, and a range of other smaller less expensive programs that might be more cost effective (though not nearly as large in terms of overall volume).
5. Potential environmental impacts (primarily increased traffic to truck out sorted materials or bring in additional MSW if this aspect of the company's proposal is accepted.
6. Additional UVA administrative costs for start-up and monitoring.

SUPPORTING DOCUMENTS

- A . Resolution to Adopt Rates
- B . Rate Tables
- C . Agency Manager Supplemental C&D memo (reproduced from 9/17/07)

Recommendation: Approve

Reviewed By: Steven Lederer