



## Upper Valley Waste Management Agency Board Agenda Letter

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**TO:** Board of Directors  
**FROM:** Steven Lederer - Manager  
Upper Valley Waste Management Agency  
**REPORT BY:** Steven Lederer, Director of Environmental Management - 253-4471  
**SUBJECT:** Public Hearing: Fifth Amendment to UVDS Franchise

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### **RECOMMENDATION**

#### **PUBLIC HEARING: FIFTH AMENDMENT TO UVDS FRANCHISE AGREEMENT**

Staff recommends Board grant approval and authorization for the Chair to sign the Fifth Amendment to Agency Agreement #95-09 (Upper Valley Disposal Service) to make minor corrections to rate methodology regarding treatment of interest on intercompany loans.

### **EXECUTIVE SUMMARY**

While making use of the rate methodology last year, an issue arose dealing with how to treat interest on intercompany loans. The family of companies owned by the Pestoni family often transfer money between themselves to aid in cash flow. Last year, UVDS was loaned money to address a cash shortfall at one point during the year due to high fuel prices. UVDS paid interest on this loan, but was not able to include that expense in the rates because the rate methodology did not allow it. However, if UVDS had made the loan, the interest received would have been counted as revenue. As such an unfair situation arose, and therefore to correct this, and because the agency does not want to be put in a position of trying to follow the cash flow between these related entities, the rate methodology has been amended to exclude interest revenue and expense on short term loans.

The company and the Auditor are in agreement with this proposed amendment.

### **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. (CEQA review will occur when the company submits the project for permitting to the Local Enforcement Agency. It is expected that a Categorical Exemption will be proposed, but that is speculative at this time).

**BACKGROUND AND DISCUSSION**

No additional information beyond the Executive Summary.

**SUPPORTING DOCUMENTS**

- A . Franchise Amendment Clean
- B . Franchise Amendment Tracked

Recommendation: Approve  
Reviewed By: Steven Lederer