



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: UVDS Rate Adjustment Process

RECOMMENDATION

UVDS RATE ADJUSTMENT PROCESS

DISCUSSION ITEM: Agency Manager to provide the Board with an update on the implementation of the new rate methodology and will seek Board input on certain portions of the Company's rate package submittal.

EXECUTIVE SUMMARY

On May 1 the Company submitted a rate package in accordance with the new rate methodology to adjust the rates for UVDS services as of July 1 of this year. Staff requests Board input on certain aspects of this submittal.

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

The May 1 rate package submittal by the Company did not indicate the need to raise rates for 2007 (that's the good news). Even without raising rates, the Company proposed one new program and recovery of the uncollected rate

increase from the prior approved rate package. Should these proposals not be accepted by the Board, the rates for 2007 would actually decrease. Staff requests guidance from the Board on these two requests.

1. Last year the rate model calculation would have allowed the Board, at their discretion, to raise rates 35.69%. (The Board may remember that originally the rate model indicated the need for a 70% increase, but that analysis was later found to be erroneous, and the 35.69% number is correct). The Board and the Company agreed instead to a 30% increase, followed by an additional 15% increase to take effect January 1, 2008. Staff will be requesting in June that the 15% increase for 2008 be repealed due to the newly adopted rate methodology. The Company has requested "recovery" of the 5.69% (\$419,026) that was not granted last year. This issue was not addressed during discussion of the new methodology, and staff is requesting the Board provide input on whether to grant this one-time adjustment as part of the rate package presented in June 2007. The Board could support this request, deny it, or suggest a middle ground (such as splitting the difference).

2. The Company also included \$1.1M in new programs. In a letter dated May 8, 2007, the Company identified the funds would be used for developing improved construction and demolition (C&D) and food waste recycling programs. Counsel has raised concerns about collecting such a large amount of money for a program that, while well-intended, does not yet have defined costs, milestones, and a detailed plan. These same programs are under study in the south county area. Staff would support the Company proposing under New Programs for this year the costs of the Company hiring a consultant to do the necessary analysis that the Board could review in the future, should the Company wish to propose that. Staff requests Board input on this subject as well.

Rejection of both programs by the Board would result in an approximate \$2.60 decrease in the basic residential rate (approximately \$.70 for the 5.69% and \$1.90 for the "New Programs"), which is currently \$20.14 for St. Helena. Support of both programs will result in rates not being changed this year (should all other aspects of the rate submittal be found satisfactory by the Auditor's office).

SUPPORTING DOCUMENTS

None

Recommendation: Approve
Reviewed By: Belinda Yamate