



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: Public Hearing: Upper Valley Disposal Service and Clover Flat Landfill Rates

RECOMMENDATION

PUBLIC HEARING: UPPER VALLEY DISPOSAL SERVICE AND CLOVER FLAT LANDFILL RATES

REQUESTED ACTION: Approval and authorization for the Chair to sign:

- | Agency Resolution #15-03 setting rates for solid waste handling and disposal services at the Clover Flat Landfill; and
- | Agency Resolution #15-02 setting rates for solid waste hauling services by Upper Valley Disposal Service. (unless the Board chooses to enact Amendment 7 to the Franchise Agreement)

EXECUTIVE SUMMARY

Clover Flat Landfill: After an extensive review an increase in rates of 2.25% plus a regulatory adjustment for landfill closure costs for Clover Flat Landfill is recommended.

UVDS: An increase of 1.21% for Upper Valley Disposal Service is supportable if the Board chooses not to enact Amendment 7. The Board should also discuss the amount of IOCR (if any) they are interested in collecting.

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 item is specifically exempt from the voting requirements of Article XIIC of the California Constitution (Proposition 26) because the fees are imposed for a specific government service provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs for providing the services; and is exempt from Proposition 218 because service is not mandatory.

Clover Flat Landfill

Information: Clover Flat Landfill (CFL) submitted a rate package on May 1, 2015, in accordance with Agreement Number 95-06 (Agreement). With the exception of the Minimum (Refuse) Rate, CFL requested that rates at the landfill be increased approximately by 20.16% which included adjustments to fund a regulatory change, the closure/post-closure trust fund, and the construction of the front entrance gate. CFL requested that the Minimum (Refuse) Rate remain at \$31.

The Minimum Rate, Per Yard Rate and Per Ton for Trucks & Trailers over 10 yards includes a surcharge of \$4.75 per ton of refuse in accordance with the Board action taken on May 21, 2012. Of the surcharge amount collected, \$1 per ton is designated for the Household Hazardous Waste Program.

In accordance with the Agreement, CFL is allowed to adjust rates annually by 89% of the Consumer Price Index (CPI) for San Francisco-Oakland-San Jose, CA (2.53% increase for February 2014) over the previous twelve (12) months from February. The Auditor-Controller's Office performed a review on the rate package submitted by CFL and adjustments were made to the additional regulatory change fee, closure/post closure fee, and front entrance fee.

In addition to the adjustment for CPI and the surcharge, rates have been adjusted for regulatory changes as follows:

1. The per ton and per yard rates for select material have been adjusted by \$1.03 and \$.14, respectively, for additional expenses incurred for the closure/post closure due to regulatory changes required by CalRecycle (Title 27, Division 2, Subdivision 1, Chapter 2, Article 2). In accordance with the Agreement, Exhibit B, Section II.c., adjustments to rates are allowed for regulatory mandated expenses.

The affected rates have been highlighted in Attachment A.

2. The adjustments for closure/post-closure and front entrance have been removed to agree with the current methodology.

Recommendation: The Auditor-Controller's Office recommends the increase of rates at CFL by 2.25% and the additional fee per ton and yard for the regulatory changes on closure/post closure as set

forth in Attachment A.

Upper Valley Disposal Services

Information: Upper Valley Disposal Services (UVDS) submitted a rate package on May 5, 2015 in accordance with Agreement Number 95-09 proposing a 4.54% increase of rates for each jurisdiction.

The Auditor-Controller's Office performed a review of the rate package. Specific attention was given to the Major Allowable and Major Recoverable Expense Categories. The Major Allowable category encompasses Wages, Related Wage Benefits, Depreciation and similar expenses for the Construction and Demolition Program. The Major Recoverable category encompasses Landfill fees, Interest Expense on Debt and similar expenses for the Construction and Demolition Program.

Adjustments were made primarily to projected costs for Wages and Benefits, Fixed Assets/Depreciation and Landfill Expense. Detail explanations of all adjustments can be found in Attachment B.

Recommendation: After extensive review performed by the Auditor-Controller's Office, a 1.21% increase of rates for each jurisdiction is recommended. Recommended rate tables can be found as follows:

Attachment C - Calistoga
Attachment D - County Unincorporated Area
Attachment E - Pope Valley
Attachment F - St. Helena
Attachment G - Yountville

Conclusion

The Agency Manager considers this proposal to be fair and balanced for both the companies and the rate payer and recommends adoption of the rates as shown in Attachments A and C through G, pending discussion of the paragraph below.

Additional Information for Future Discussion

Truck History - UVDS is proposing in the three year plan to purchase six (6) trucks in addition to the seven (7) trucks proposed in the current rate package. In the past five (5) years, UVDS purchased two (2) vehicles, both in 2013, that were to be used solely for UVDS operations.

Intentionally Over Collected Revenue (IOCR) - In regards to the UVDS rates, the Agency Manager requests the Board consider the option of setting the rates higher than necessary to accumulate funds for future projects. An IOCR of \$250,000 would result in a total rate increase of 3.55%. An IOCR of \$500,000 would result in a total rate increase of 5.89%.

SUPPORTING DOCUMENTS

- A . Attachment A - Clover Flat Landfill Rates
- B . Attachment B - Summary of Adjustments for UVDS Rate Package
- C . Attachment C - Calistoga Rates
- D . Attachment D - County Unincorporated Area Rates
- E . Attachment E - Pope Valley Rates
- F . Attachment F - St. Helena Rates
- G . Attachment G - Yountville Rates
- H . UVDS Reso 15-03
- I . CFL Reso 15-02

Recommendation: Approve
Reviewed By: Steven Lederer