



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 #14-03 setting rates for solid waste handling services at the Clover Flat Landfill; and
- | Agency Resolution #14-04 setting rates for solid waste hauling services by Upper Valley Disposal Service.

EXECUTIVE SUMMARY

After an extensive review an increase in rates of 2.18% for Clover Flat Landfill is recommended.

Further, a decrease of 2.48% for Upper Valley Disposal Service is supportable. The Agency Manager requests the Board adopt such a decrease, or alternatively maintain rates at their current level and reserve the overcollected revenue for future capital projects. A further discussion of this option is included in the background.

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 XIII C 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 5, 2014, in accordance with Agreement Number 95-06 (Agreement). CFL requested that rates at the landfill be increased by 2.18% with the exception of the Minimum (Refuse) Rate. 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 (2.45% increase for February 2013) over the previous twelve (12) months from February. The Auditor-Controller's Office performed a review on the rate package submitted by CFL and determined that the package was in compliance with the Agreement.

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 have been adjusted by \$.52 and \$.07, respectively, for additional expenses incurred for 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; and,
2. A new rate of \$31 per cubic yard for pressure treated wood has been added to the rate schedule. The new fee is expected to help mitigate the cost of transporting and disposal of pressure treated wood. The changes for treatment of pressure treated wood occurred in 2013. CFL enacted a rate of \$30.50 per cubic yard in 2013 without board approval and has subsequently collected from the inception of the rate in 2013 through May 14, 2014 a total of \$83,380 in revenue. The Agency Manager considers that, although the Company should have obtained Board approval prior to implementing this rate, that the service being provided is needed and appropriate and that the fee amount is justified based on handling and disposal costs of pressure treated wood.

The affected rates have been highlighted in Attachment B.

Recommendation: The Auditor-Controller's Office recommends the increase of rates at CFL by 2.18% plus the new rate of \$31 per cubic yard of pressure treated wood and the additional fee per ton and yard for the regulatory changes on closure/post closure as set forth in Attachment B.

Upper Valley Disposal Services

Information: Upper Valley Disposal Services (UVDS) submitted a rate package on May 5, 2014 in accordance with Agreement Number 95-09 proposing a 1.29% decrease 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 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 to projected costs for Wages and Benefits, Fixed Assets/Depreciation and Interest Expense. Detail explanations can be found in Attachment A.

Recommendation: After extensive review performed by the Auditor-Controller's Office, a 2.48% decrease 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 B through G, pending discussion of the paragraph below.

With regards to UVDS rates, the Agency Manager also requests the Board consider an option to the possible rate decrease at UVDS. As Board members may remember, the Board has an option to hold rates at a level that is higher than necessary for an individual year, in order to accumulate funds for future projects. This process, known as intentionally over collected revenue, or IOCR, was used to fund, in part, the C&D recycling line that has been successfully used for the past several years. At the time, the C&D line was considered Phase 1 of a large two part project. Phase 2 includes major improvements to the front gate area, which will improve recycling and trash handling operations, improve customer service, and also ultimately construct a wood-chip fed biogassification plant, which will generate electricity that can be resold to the grid. A further discussion of Phase 2 is provided in Attachment H. If the Board were to hold rates at the current level, approximately \$225,000 could be collected and reserved towards accomplishing the Phase 2 improvements.

SUPPORTING DOCUMENTS

- A . Attachment A - Summary of Adjustments for UVDS Rate Package
- B . Attachment B - Clover Flat Rates
- 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 . Phase 2 Project Summary

I . CFL Rates Resolution #14-03

J . UVDS Rates Resolution #14-03

Recommendation: Approve

Reviewed By: Steven Lederer