



Agenda Date: 6/25/2018

Agenda Placement: 6B

## 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:** Alice Ramirez, Senior Office Assistant - 259-6716

**SUBJECT:** PUBLIC HEARING: Upper Valley Disposal Service and Clover Flat Landfill Rates

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### **RECOMMENDATION**

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

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

- | Agency Resolution #18-03 setting rates for solid waste handling and disposal services at the Clover Flat Landfill; and
- | Agency Resolution #18-02 setting rates for services by Upper Valley Disposal Service.

### **EXECUTIVE SUMMARY**

Clover Flat Landfill: After a review of the proposed rates, a proposed increase in rates of 3.172% is recommended. This is primarily driven by the Consumer Price Index (CPI).

UVDS - Rate Package: After an extensive review, an increase in rates of 2.02% is recommended.

UVDS - Extra Service Rates: After a review of the proposed rates for Extra Services (defined as services not reliant upon distance or weight of materials collected) for Commercial and Residential, the process of establishing uniform rates amongst the jurisdictions concludes this year with the application of the proposed increase and final adjustments to the recommended rates effective July 1, 2018.

### **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 Monday, April 30, 2018, in accordance with Agreement Number 95-06 (Agreement). With the exception of the fee for Improperly Covered Loads and the Minimum (Refuse) Rate, CFL requested that rates at the landfill be increased approximately by 3.172%. CFL requested that the Improperly Cover Load fee remain at \$7 and the Minimum (Refuse) Rate increase from \$35 to \$37 to remain comparable to Devlin Road Transfer Station. The 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. In addition, the Minimum Rate and Per Yard Rate include a prorated share of the surcharge at \$1.00 per load or yard. One dollar (\$1) of the surcharge amount collected per ton as well as the additional amount for the Minimum Rate and Per Yard Rate is designated for the Household Hazardous Waste Program. The remainder funds are for administrative activities of the Agency.

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 (3.564% increase for February 2018) over the previous twelve (12) months from February. In addition, the Auditor-Controller's Office performed a review on the rate package submitted by CFL. No adjustments were required.

**Recommendation:** The Auditor-Controller's Office recommends the increase of rates at CFL by 3.172% and increase the Minimum (Refuse) Rate to \$37 as set forth in **Attachment A**.

#### **Upper Valley Disposal Services**

**Information on Rate Package:** Upper Valley Disposal Services (UVDS) submitted a rate package on Friday, May 4, 2018, in accordance with Agreement Number 95-09 proposing a 2.31% 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 (C & D) Program. The Major Recoverable category encompasses Landfill fees, Interest Expense on Debt and similar expenses for the Construction and Demolition Program. **Attachment C** provides the breakdown of the base costs for 2017 and the projections for 2018. The costs charged to UVDS for the C & D operations at CFL are based on 2017 actuals of \$881,320 with projected to cost for the UVDS rate payers of \$829,079 in 2018. Major purchases requested and approved in the package include a new split body collection truck, three side loaders, back-up generator, two roll off

trucks, water truck, service truck and a new roof (to replace and existing worn out roof) for the materials handling area.

Adjustments were made primarily to projected costs for Fixed Assets/Depreciation, CDP Wages/Benefits, and reducing income for Intentionally Over Collected Revenue. Detail explanations of all adjustments can be found in **Attachment B**.

**Information on Extra Service Rates:** In addition to the regular rate review, final adjustments were made to create uniform rates amongst the jurisdictions for extra services provided to commercial and residential customers. Changes to the rates are expected to be revenue neutral. An average rate for each extra service provided to commercial customers for the Opening and Closing of Gates, Demurrage on debris boxes, Wheels, In/Out, and Stop/Start Services was determined. For example, the Opening and Closing Gate rates for St. Helena needed to be increased by approximately 14%; Yountville's rates for the same service needed to decrease approximately 16% and rates needed to be set for Pope Valley to agree with the calculated average rate. In order to prevent rate shock and to ensure the change is revenue neutral, it was determined that the rates would need to be adjusted over a span of three to four years for commercial customers. Similar problems exist on the residential side of the rate tables; however, the rates will only required one year to establish rates consistent amongst the jurisdictions. These rates have been presented in Attachment D.

**Information on IOCR:** Currently, it is estimated, after adjustments and taxes, that \$306,600 in Intentionally Over Collected Revenue (IOCR) will be collected by June 30, 2018. The franchise agreement requires that IOCR be spent on capital projects. The IOCR has been generated by the following Board Actions:

- Effective July 1, 2014 - Board elected to not reduce rates 2.18% and set aside excess for capital project
- Effective July 1, 2016 - Board elected to not reduce rates .86% and set aside excess for capital project
- Effective July 1, 2017 - Board elected to increase rates by .34% for capital project.

The agency manager recommends that IOCR be held, earn interest and applied to the Agency's responsibility of Phase Two of the CDP Project in accordance with Article 18.5(c) of the ninth amendment of Agreement 95-09.

#### **Recommendations:**

**Rate Package** - After an extensive review, the Auditor-Controller's Office recommends an increase in rates of 2.02%.

**Extra Service Rates** - Commercial and Residential Customers - The Auditor-Controller's Office recommends the adoption of the rates listed on **Attachment D**.

**Rates for each Jurisdiction** - The Auditor-Controller's Office recommends the adoption of the rates listed on **Attachment E** through **I**.

#### **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 D through I.

**SUPPORTING DOCUMENTS**

- A . Attachment A - Clover Flat Landfill
- B . Attachment B - UVDS - Summary of Adjustments
- C . Attachment C - Rate Model and Cost Breakdown
- D . Attachment D - Extra Services
- E . Attachment E - Calistoga Rate Tables
- F . Attachment F - County Rate Tables
- G . Attachment G - Pope Valley Rate Table
- H . Attachment H - St. Helena Rate Tables
- I . Attachment I - Yountville Rate Tables
- J . UVDS Rates Resolution #18-02
- K . CFL Rates Resolution #18-03

Recommendation: Approve  
Reviewed By: Steven Lederer