Memorandum

To: Solid Waste Advisory Group

From: Solid Waste and Public Works Staff of Orange County and the Towns of Carrboro, Chapel Hill and Hillsborough

Subject: Staff Follow-up from September 12 SWAG Meeting

Date: September 22, 2014

At the September 12 SWAG meeting staff was requested to provide the following information/recommendations:

- Provide suggestions regarding annual recycling fee and tipping fee notification timeline, and
- Combine Staff Interlocal Agreement Outline and Draft Interlocal Agreement (ILA revised per SWAG edits)

Annual Tip Fee Notification Dates

There are two general categories of fees that have different budget preparation trajectories and timelines. Tipping fees paid directly by facility users such as the Construction & Demolition disposal, vegetative waste disposal and mattress recycling/disposal can be calculated more directly based on year-to-date and historical data, including any preliminary estimates provided by the Towns on anticipated future year usage. It is likely that reliable future budget year estimates for these fees could be provided to the Towns by March 1 if necessary.

If the current 3-R Fee recycling program funding mechanism is continued in the same fashion as currently (directly assessing property owners through inclusion of the fees with the annual tax bill) there are billing database management procedures and requirements that to a degree dictate the timing of firm fee recommendations. These include incorporating all the splits/merges, new construction or demolition, property ownership exchanges, updated commercial establishment and mobile home park unit count updates, etc. that occurred during the previous year into the billing database. Fee estimation calculations also include obtaining certificates of occupancy data from each of the three towns and obtaining PIN data from Durham County on the portion of Chapel Hill in Durham County in order to refine the calculation. These steps are necessary in order to determine accurate service cost estimates. The number of units must accurately represent the unit billing divisor to calculate a per-unit billing unit count. Field verifications are frequently required. For example, from a fee-setting perspective, it can matter whether the total cost of a service is divided by 18,000 or 18,450. It is also a useful baseline from which to calculate program performance metrics. These tasks are in addition to actually projecting the coming year's expenditures and revenues for the various recycling programs.

There is considerable uncertainty presently on what type of recycling fees may ultimately be adopted by the towns and county so determining the fee recommendation schedule at this point is difficult and seems slightly out of sequence. The towns initially agreed to allow the county to charge recycling fees within the towns, however that preliminary understanding could change as the county continues to explore funding options. For instance, will the district tax concept or general fund financing of recycling services be further considered? Or will availability fees or other types of fees be chosen? Or could it be

some mix of funding mechanisms? Additionally, since the SWAG's stated preference and intentions are that the towns and county staffs collaborate on fee recommendations, that collaborative process is at present untested and may possibly extend the fee determination process. Therefore, it is difficult to say what notification dates will be feasible to any degree of certainty. If a fee recommendation date is mandated that necessitates a staff fee recommendation based on incomplete data, it will be necessary to provide a conservative fee projection that may be greater than otherwise required.

The dates contained in the staff interlocal agreement outline [i.e., April 1 – Solid Waste Director recommendation (advisory) and May 1 – County Manager recommendation to the BOCC] are therefore suggested, pending final funding method determinations.

Merge of Staff Interlocal Agreement Outline and Draft Interlocal Agreement

The SWAG requested that Town and County staffs consolidate the two Draft Interlocal Agreement documents discussed at the September 12 meeting into a single document and to also provide the original Draft Interlocal Agreement for comparison. Staff was also to incorporate edits to the Draft Interlocal Agreement made at the meeting by the SWAG.

Process

The following describes the staff approach to the document merging process:

- SWAG edits are incorporated into the Draft Interlocal Agreement in GREEN and, as requested, do not include a tracking of the changes.
    - Replaced language is simply deleted.
    - Staff tried to use verbatim wording from SWAG to the extent possible.
    - UNC-CH and UNC-Healthcare was added as instructed; however, it may not be relevant/ applicable in certain sections of the draft agreement.
    - Some additional wording adjustments may be necessary.
- Outline language is in RED and was inserted as bullets into apparent appropriate section within Draft Interlocal Agreement
    - Where Outline wording is identical or essentially identical (i.e., duplicative) to existing Draft Interlocal Agreement language, it was not included or merged.
    - In some cases, existing Draft language may be preferable by staff as opposed to Outline language.
    - Staff has not incorporated the Outline language into the body of the Draft Interlocal Agreement; it is only illustrated in the appropriate section of the document.

Key Issues

Staff notes a few key issues for consideration by the SWAG:

- UNC-CH and UNC-Healthcare – Multiple ILA Section References
  Incorporating UNC-CH and UNC-Healthcare into the existing draft agreement presents some language and format challenges for the following reasons:
    - neither entity currently receives county recycling services;
    - each maintains their own internal comprehensive grounds keeping/landscaping services;
    - both use private waste hauling and disposal facilities; and
    - they generally manage their own solid waste affairs.

It appears the draft agreement assumes joint service and facility usage by the parties of the agreement, or at least availability of usage of county services and facilities that doesn't currently apply to either UNC-CH or UNC-Healthcare. Nor are we aware that discussions have occurred that would explore collaborating in or combining of these services, which would be a major and lengthy assessment if or when UNC-CH and UNC-Healthcare wished to consider it. While your staffs are eager to participate in any investigation of future cooperative opportunities such as a local transfer station, it may not be practical and timely to substantively address these matters in the current interlocal agreement development timeframe or format. How UNC-CH and UNC-Healthcare are incorporated into the interlocal agreement will require additional discussion.

- Reference to Debt – Sections I.B. and V.D.
  As part of further refinement of the interlocal agreement document, a much more complete definition or understanding of debt will be required in order for the SWAG to more thoroughly evaluate the provisions on termination.

- Level of Program Details in Agreement – Section IV.E.
  Staff is uncertain as to the level of existing program detail that should be included in the ILA. There is some concern regarding a formal amendment process being required for minor program adjustments. Perhaps detail with regard to existing programs at the time of the agreement's execution could be included in an Appendix. Alternatively, staff could provide Staff Outline level or even additional detail to the draft agreement as desired by the SWAG.

- Financial – Section V
  As previously indicated by staff, the suggested top priority regarding the development of the interlocal agreement should be the determination of a funding mechanism for recycling programs. Until this is completed, the financial provisions in the draft agreement are tentative, unreliable and incomplete. Significant effort should be applied to resolve the recycling funding mechanism so that the financial section can be established and supporting language such as the fee notification and approval process can be finalized.

- Ongoing Advisory Board/Committee – Section VI.G.
  Staff believes an advisory board/committee will be very important in order to obtain broad and informed input into the process of evaluating various solid waste management subjects for elected officials and staff consideration. At the previous two meetings of the SWAG, several issues have arisen that might appropriately be referred to an advisory board/committee for examination and comment.