Memorandum

To: Solid Waste Advisory Group

From: George Seiz, Carrboro Public Works Director
Lance Norris, Chapel Hill Public Works Director
Ken Hines, Hillsborough Public Works Director
Gayle Wilson, Orange County Solid Waste Management Director

Date: January 29, 2015

Subject: Staff Report – Solid Waste Program Funding Options

On November 12, 2014, the Solid Waste Advisory Group (SWAG) requested that Towns and County staffs examine the four proposed solid waste program fee options, analyze them (consider including advantages and disadvantages), critique them, and return with their recommendations to their elected officials. The SWAG will then discuss them further.

The staffs have met five times subsequent to the November 12th meeting and have had considerable discussion and email exchanges with regard to the funding options. These discussions included examination of the revenue requirement basis for the fees, understanding proposed program expenditures and revenue allocation, consideration of service components and sector impacts, examination of various equity perspectives, assessment of the administrative requirements and ongoing fee management obligations for each option, public perception and ability to understand/explain funding alternatives to the public, service costs versus value of services to residents, exploration of fees/funding mechanisms other counties use for solid waste programs and their features, as well as numerous other associated issues. The staffs also explored minor variations of the existing options.

Staffs discussed the attributes to all the options in an attempt to make a singular recommendation to the SWAG; however, there appears to be no ideal or obviously superior option. Each option has advantages and disadvantages, dependent largely on perspective and values. Staffs believe that all options will provide the necessary funding and acknowledge that all options exhibit varying attributes and gradations of equity, depending on individual perspectives. It is difficult determining a recommendation without the SWAG providing guidance regarding principles, standards or other governing criteria.

This report and its attachments are intended to guide and inform the SWAG and spur further discussion in order for the SWAG to reach a consensus on one funding alternative and consider how to move forward with implementation once a consensus has been reached.

Attachments

The staffs have provided two documents for SWAG consideration. The first attachment (Attachment 1) is an additional summary of the financial basis for the funding options that includes cost and annual fee comparisons with the current fee structure. It highlights the key financial components and structure of the fees for each funding option

The second set of documents (Attachment 2-5) presents opportunities and key factors for each of the four proposed solid waste funding options as viewed by staff. Given the various perspectives regarding advantages and disadvantages and equity, staffs have resisted employing these terms but assume the SWAG will not be similarly constrained.

Decision Process

Aside from the individual impacts and characteristics of each option, another important issue related to selection of a fee recommendation is specifically how the SWAG will arrive at a final fee recommendation. Little discussion has taken place to date regarding how or when the SWAG will finalize a recommended funding option.

It has been suggested that one such opportunity where a recommendation could be presented to the elected boards is at a currently scheduled March 26th joint meeting between the County Commissioners and the Chapel Hill Town Council. Perhaps this meeting could be modified to allow a solid waste funding conversation between all elected boards prior to the regularly scheduled joint meeting. Alternatively, another opportunity would be needed for this joint board discussion and final decision.

Each individual elected board will establish its own funding option adoption schedule and provisions should be considered in the event all four elected boards do not agree on the same funding option. Additionally, it would be necessary to allow public comment on whatever recommendation may be favored or even on all of the options under consideration. Thus, it is critical that the SWAG discuss the decision making timeline and process for reaching a final decision to ensure implementation for the 2015/16 fiscal year.

Questions for consideration by the SWAG include:

- How and when does the SWAG intend to reach a final decision/recommendation from among the four funding options?
- Should the SWAG adjust its meeting schedule, understanding the timeline required to implement a new funding option as discussed below?
- How will the public be provided input into the decision making process, presumably following a SWAG recommendation but prior to the Towns/County boards' adoption of a funding option?
- Following a SWAG fee decision, would the governing boards consider a resolution authorizing the Managers to negotiate a Memorandum of Understanding to authorize the fees for FY 2015/16 until a more formal Interlocal Agreement can be negotiated over the summer and adopted by the Towns and County in the fall?

Decision Timeline

Another significant factor for SWAG consideration is the decision making timeline that will provide sufficient time for the County Commissioners to incorporate the funding into the proposed FY 2015/16 budget for approval by the June 16th BOCC meeting and allow County Solid Waste and County Tax Administration Department staff to make the necessary fee database adjustments and billing form formatting preparations for the 2015 tax billing which is scheduled to be mailed in July. Based on County staff discussions with the County Finance Department, the proposed budget could be revised in early June in order to meet the scheduled budget adoption schedule of June 16th. However, County Solid Waste staff may need several days prior to the County Finance Department deadline to actually

prepare/modify and submit the Solid Waste Department budget to Finance and allow review by the County Manager of the final detailed budget computations and documents. The degree of calculations and preparation will depend on the final funding option chosen, required revisions to the draft budget as it exists at that time and any further direction given by the Board of Commissioners. Delaying tax billing is discouraged in order to avoid the delay of tax revenue receipts for the 2015 billing cycle.

Even more controlling and constraining regarding the fee implementation timeline is the degree of modification required to the fee billing database to change and modify the billing documents and associated formatting related to the specific funding option selected. Typically, for an existing fee system County Solid Waste staff, based on County Tax Administration Department tax preparation imperatives, must have solid waste fee databases updated and ready for incorporation into the overall tax billing process by mid-May. If significant formatting changes to the tax forms are required (Option 3) that information should be received by Tax Administration by late April.

Towns and County staff are available to respond to questions and await further direction from the SWAG.