

ASSEMBLY OF GOVERNMENTS MEETING

AGENDA

Assembly of Governments Meeting

March 26, 2015

Meeting Time – 7:00 pm

Southern Human Services Center

2501 Homestead Road

Chapel Hill, NC

Welcome and Opening Remarks (BOCC Chair & Mayors)

1. Solid Waste Program Fee Options Recommendation – Solid Waste Advisory Group

Orange County Board of Commissioners' regular meetings and work sessions are available via live streaming video at orangecountync.gov/occlerks/granicus.asp and Orange County Gov-TV on channels 1301 or 97.6 (Time Warner Cable).

**ORANGE COUNTY
ASSEMBLY OF GOVERNMENTS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: March 26, 2015

**Action Agenda
Item No.** 1

SUBJECT: Solid Waste Program Fee Options Recommendation – Solid Waste Advisory Group

DEPARTMENT: Solid Waste Management

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- A. Memorandum from Town and County Staff
- B. Funding Option Detail Sheets
- C. Solid Waste Funding Options Spreadsheet

INFORMATION CONTACT:

Bonnie Hammersley, 919-245-2300
Gayle Wilson, 919-968-2885
John Roberts, 919-245-2318

PURPOSE: To receive an update on alternative solid waste financing options and the deliberations and funding recommendation of the Solid Waste Advisory Group (SWAG).

BACKGROUND: The Board of County Commissioners created a Solid Waste Advisory Group at its June 3, 2014 meeting. This multi-jurisdictional Group held its first meeting on August 25, 2014 and has been meeting regularly from that time forward. Subsequently, one representative each from UNC-CH and UNC-Healthcare were added to the Group.

The SWAG has been focusing on a new interlocal agreement for Solid Waste Management, with most of the meetings addressing recycling/convenience center funding options that will represent a major component of any subsequent interlocal agreement. Another area of discussion has been how and when to establish a citizens advisory role to the solid waste planning function. Additional focus has been on how to incorporate UNC-CH and UNC-Healthcare into an agreement and exploring opportunities for cooperation. Town's and county staffs have also conducted several meetings and communications throughout with regard to SWAG funding options and processes.

The County Attorney has spoken to the SWAG and has indicated that the options under consideration are consistent with state statutes. Each Town would be required to authorize the County to impose the fee within the municipalities.

A preliminary progress report by the SWAG was made at the November 20, 2014 Assembly of Governments meeting. At the SWAG's March 6, 2015 meeting, a consensus was reached to forward two funding alternatives for discussion by each of the Town elected boards and the Board of County Commissioners. The SWAG requested that each of the Town and County

boards discuss the two SWAG funding options and be prepared to discuss making a final decision from among the two options at this joint meeting of the Towns and County. The Carrboro Board of Aldermen and Orange County Board of Commissioners discussed the issue at their March 17, 2015 meetings. The Chapel Hill Town Council discussed the issue at its March 18, 2015 meeting, and the Hillsborough Board of Commissioners is scheduled to discuss the issue at its March 23, 2015 meeting.

The attached memorandum and attachments provide additional detail regarding the two proposed funding options.

A funding decision will allow the formula to be incorporated into the Fiscal 2015/16 budget currently being crafted, and allow County Tax Administration and Solid Waste Management Departments to complete the various preparations necessary to meet the 2015 tax billing schedule.

FINANCIAL IMPACT: There is no financial impact resulting from discussion of various recycling/convenience center funding options. A fee decision will be considered at a future Board meeting where details of specific financial impacts to property owners and county and municipal governments for the 2015/16 budgets will be presented.

RECOMMENDATION(S): The County Manager recommends that the respective Boards receive the presentation on Solid Waste Program Funding Options, consider the recommendation from the Solid Waste Advisory Group and ask questions as necessary of staff and the SWAG representatives.

Memorandum

To: Carrboro Board of Alderman
Chapel Hill Town Council
Hillsborough Board of Commissioners
Orange County Board of Commissioners

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 Director

Subject: Solid Waste Advisory Group – Recycling Fee Recommendations

Date: March 6, 2015

The Board of County Commissioners created a Solid Waste Advisory Group at its June 3, 2014 meeting. The Group is comprised of two members each from the elected boards of the Towns and County. Additionally, there are one representative each from UNC-CH and UNC-Healthcare. This multi-jurisdictional Group held its first meeting on August 25, 2014 and has been meeting regularly from that time forward.

The SWAG has been focusing on a new interlocal agreement for recycling and solid waste services currently provided by Orange County, with most of the meetings addressing recycling/convenience center funding options. Another area of discussion has been the future role of the SWAG. Additional focus has been on how to incorporate UNC-CH and UNC-Healthcare into an agreement and exploring opportunities for cooperation. Town's and county staffs have also conducted several meetings and discussions with regard to SWAG funding options and processes.

The County Attorney has spoken to the SWAG and has indicated that the options under consideration are consistent with state statutes. Each Town would be required to authorize the county to impose the fee within the municipality.

A preliminary progress report by the SWAG was made at the November 20, 2014, Assembly of Governments meeting. At the SWAG's March 6 meeting a consensus was reached to forward two funding alternatives for discussion by each of the Town elected boards and the Board of County Commissioners. The SWAG requested that each of the Town and County boards discuss the two SWAG funding options and be prepared to discuss making a final decision among the two options at a joint meeting of the Towns and County scheduled for March 26.

Option 1 is a two part annual fee; One Comprehensive Solid Waste Program Fee for all Municipal Units - \$94/year (based on FY 14/15 budget revenue requirement), and One

Comprehensive Solid Waste Program Fee for all Rural units - \$118/year (based on FY 14/15 budget revenue requirement).

Option 1 would establish an urban fee and a rural fee that would be applied to each developed property and multi-family units throughout the county, including tax exempt properties, except for UNC-CH properties that are served by the University's separate recycling program. Option 1 would incorporate an approximate 33% solid waste convenience center costs into the Urban fee component and an approximate 66% solid waste convenience center costs into the Rural fee component.

Option 2 is a Single Comprehensive Fee - \$103/year (based on FY-14/15 budget revenue requirement) that would be applied equally to all developed properties and multi-family units throughout the county, including tax exempt properties, except for UNC-CH properties that are served by the University's separate recycling program. Option 2 would evenly distribute solid waste convenience center costs across all sectors.

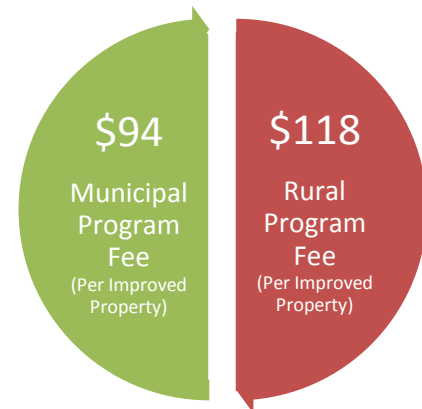
Further details of the two options are provided in the attachments.

It is important that a funding decision be made in a timely manner given that such funding would have to be incorporated into the Fiscal 2015/16 budget currently being crafted, and in order for County Tax Administration and Solid Waste Management Departments to complete the various preparations necessary to meet the 2015 tax billing schedule. The SWAG, based on recommendations by staff, has indicated that a final decision should be reached by the end of April to allow time for implementation into the budget process and for the fee to be ready for billing on the 2015 property tax bills.

Town and County SWAG representatives requested that each elected board discuss and fully consider each option prior to the March 26 joint meeting. Town and County staffs are available to explain the fee options and to respond to questions.

Attachment B**FUNDING OPTION 1**

OPPORTUNITIES
<ul style="list-style-type: none"> • Simplified fee structure • Easy to administer, manage, and explain • Includes phased expansion of rural curbside service, increasing recycling and waste reduction rate • Flexibility in providing services without being constrained by rigid categories <ul style="list-style-type: none"> ○ Example: If a business is located on a residential route (urban or rural) and generates recyclables in quantities similar to a residence, it can be assigned to a residential route without concern that there is not an appropriate fee category.

**Key Factors**

- Rural curbside service is proposed to be phased in to entire unincorporated area over three year period, equalizing services by the fourth year.
 - The rural fee will increase incrementally over phasing period.
- Efforts to provide more equitable services among all the program users could be implemented over time by improving service efficiencies and availability of services.
- Single family, multi-family and developed non-residential property owners in the rural sector pay \$24 more than property owners in the urban sector.

Universal Elements for Both Options

- Undeveloped properties do not pay a fee.
- All developed properties including tax-exempt properties pay a fee.
- The fee structure is stable and predictable.
- Fee impacts for potential service expansions, improvements, and changes can be easily determined and made available for elected boards to consider.
- Some property owners may consider the proposed fee rates a significant increase because no fee for rural or urban curbside service or multi-family service has been assessed for the past two years.
- Failure of elected boards to approve a funding mechanism for the FY 2015-16 Budget may lead to suspension of services or further debiting of the solid waste landfill closure and post-closure reserves account.
- Orange County will continue to provide financial assistance for qualifying low-income residents who are unable to pay for solid waste program fees. In 2014, approximately 700 parcels were provided assistance through the County's 3R Fee Financial Assistance program.
- Funding option proposals are based on FY 2014-15 budget revenue requirements. For FY 2015-16, minor fee adjustments may be implemented to align with the actual FY 2015-16 budget revenue requirements.

FUNDING OPTION 2

OPPORTUNITIES
<ul style="list-style-type: none"> • Most simplified fee structure • Easiest option to administer, manage, and explain • Includes phased expansion of rural curbside service, increasing recycling and waste reduction rate • Flexibility in providing services without being constrained by rigid categories is maximized. <ul style="list-style-type: none"> ○ Example: If a business is located on a residential route (urban or rural) and generates recyclables in quantities similar to a residence, it can be assigned to a residential route without regard to changing categories or fee rates.



Key Factors

- Rural curbside service is proposed to be phased in to entire unincorporated area over three year period, equalizing services by the fourth year.
 - The program fee will increase incrementally over phasing period.
- All developed properties pay the same amount, although eligibility for services may vary between jurisdictions and sectors.
- Efforts to provide more equitable services among all the program users could be implemented over time by improving service efficiencies and availability of services.
- This option presents a new funding paradigm and new way of viewing solid waste program funding by offering a singular fee. This holistic approach to funding eliminates any division between rural and urban boundaries, creating a truly integrated and comprehensive approach to program funding county-wide.

Universal Elements for Both Options

- Undeveloped properties do not pay a fee.
- All developed properties including tax-exempt properties pay a fee.
- The fee structure is stable and predictable.
- Fee impacts for potential service expansions, improvements, and changes can be easily determined and made available for elected boards to consider.
- Some property owners may consider the proposed fee rates a significant increase because no fee for rural or urban curbside service or multi-family service has been assessed for the past two years.
- Failure of elected boards to approve a funding mechanism for the FY 2015-16 Budget may lead to suspension of services or further debiting of the solid waste landfill closure and post-closure reserves account.
- Orange County will continue to provide financial assistance for qualifying low-income residents who are unable to pay for solid waste program fees. In 2014, approximately 700 parcels were provided assistance through the County's 3R Fee Financial Assistance program.
- Funding option proposals are based on FY 2014-15 budget revenue requirements. For FY 2015-16, minor fee adjustments may be implemented to align with the actual FY 2015-16 budget revenue requirements.

DRAFT SUMMARY OF SOLID WASTE FUNDING OPTIONS - YEAR 1

3/9/2015

FUNDING OPTION	FUNDING OPTION GENERAL DESCRIPTION	OTHER FUNDING DETAIL	TOTAL REVENUE REQUIREMENT	REVENUE REQUIREMENT DETAIL	REVENUE REQUIREMENT DETAIL CONT.	NUMBER OF UNITS	FUNDING COMPONENT NAME	FUNDING COMPONENT DESCRIPTION	PER UNIT ESTIMATED ANNUAL FEE	PER UNIT APPRX. MONTHLY COST	ANNUAL INCREASE/DECREASE OF FEE FROM CURRENT FEE STRUCTURE	APPRX. INCREASE/ DECREASE COST PER MONTH FROM CURRENT FEE STRUCTURE
SW FUNDING OPTION #1	1 Comprehensive Solid Waste Program fee for all Urban units, and 1 Comprehensive Solid Waste Program fee for all Rural units.	Includes approx. 35% cost of SWCC and first year cost of rural curbside expansion. .	\$6,208,944	\$3,498,247	BASIC 3-R- \$1,707,690 URBAN RECYCLING - \$1,076,350 MULTI-FAMILY RECYCLING - \$313,443 SWCC - \$400,764	37,409	Municipal SW Program Fee	All improved units located within town limits.	\$94	\$8	Non-Residential (urban) - \$47 more Urban Single-Family \$32 less Multi-Family (urban) - \$24 more	Non-Residential (urban) - \$4 more Urban Single-Family \$3 less Multi-Family (urban) - \$2 more
				\$2,710,697	BASIC 3-R- \$1,049,657 RURAL RECYCLING - \$750,108 MULTI-FAMILY RECYCLING - \$3,166 SWCC - \$801,528 Y1 CURBSIDE EXPANSION - \$106,238	22,994	Rural SW Program Fee	All improved units outside town limits.	\$118	\$10	Non-Residential (rural) - \$71 more Rural Single-Family (in curbside service area) - \$22 less Rural Single-Family (outside of curbside service area) - \$31 more Multi-Family (rural) - \$48 more	Non-Residential (rural) - \$6 more Rural Single-Family (in curbside service area) - \$2 less Rural Single-Family (outside of curbside service area) - \$3 more Multi-Family (rural) - \$4 more
SW FUNDING OPTION #2	One County-Wide Solid Waste Program Fee for all improved units located in the county, no matter location inside or outside of town limits or type of unit.	Includes approx. 35% cost of SWCC and first year cost of rural curbside expansion costs.	\$6,208,944	\$6,208,944	BASIC 3-R- \$2,757,347 URBAN RECYCLING - \$1,076,350 RURAL RECYCLING - \$750,108 MULTI-FAMILY - \$316,609 SWCC - \$1,202,292 CURBSIDE EXPANSION - \$106,238 Y1	60,403	County-Wide SW Program Fee	All improved units are charged one single comprehensive fee, no matter type, or location inside or outside of town limits.	\$103	\$9	Non-Residential (urban) - \$56 more Urban Single-Family - \$23 less Multi-Family (urban) - \$33 more Non-Residential (in rural curbside service area) - \$56 more Non-Residential (outside of rural curbside service area) - \$56 more Rural Single-Family (in curbside service area) - \$37 less Rural Single-Family (outside of curbside service area) - \$16 more Multi-Family (rural) - \$33 more	Non-Residential (urban) - \$5 more Urban Single-Family - \$2 less Multi-Family (urban) - \$3 more Non-Residential (in rural curbside service area) - \$5 more Non-Residential (outside of rural curbside service area) - \$5 more Rural Single-Family (in curbside service area) - \$3 less Rural Single-Family (outside of curbside service area) - \$1 more Multi-Family (rural) - \$3 more