

**NOVATO SANITARY DISTRICT
Solid Waste Committee**

Meeting Date: August 6, 2013

The Solid Waste Committee of Novato Sanitary District will hold a meeting at 3:00pm, Tuesday, August 6, 2013 at the District offices, 500 Davidson Street, Novato CA

AGENDA

1. APPROVE AGENDA

2. PUBLIC COMMENT: (PLEASE OBSERVE A THREE MINUTE TIME LIMIT.)

This item is to allow anyone present to speak on an item not on the agenda, or to request consideration to place on item on a future agenda. No action will be taken by the Committee at this time as a result of public comments made

3. CONSIDER APPROVAL OF MEETING MINUTES OF MAY 21, 2013

4. DISCUSSION AND COMMENTS ON CITY OF NOVATO DRAFT FISCAL SUSTAINABILITY PLAN

- a. Discuss proposed refuse road impact fee

5. UPDATES/ROUTINE BUSINESS ITEMS:

- a. City of Novato
- b. Redwood Landfill
- c. Novato Disposal
- d. Marin County JPA and Local Task Force

6. HOUSEHOLD HAZARDOUS WASTE PROGRAMS:

- a. 2013 HHW Program report update

7. 2013 DISPOSAL/DIVERSION MONITORING REPORT

8. ADJOURN

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District offices at (415) 892-1694 during their regular business hours, at least 24 hours prior to the scheduled meeting. This will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Materials that are public records and that relate to an agenda item will be made available for public inspection at the District offices, 500 Davidson Street, Novato, CA, during regular business hours.

**NOVATO SANITARY DISTRICT
SOLID WASTE COMMITTEE MEETING
May 21, 2013
3:00-4:00pm**

MINUTES

Members Present:

Dennis Welsh Mike DiGiorgio

Others in Attendance:

Beverly James	Dee Johnson	Adam Turrey	Scott Pariani
Bessie Martinez	Steve McCaffrey	Daniel North	Jason Nutt

1. Approve agenda. The agenda for May 21, 2013 was approved as submitted.
2. Public Comment. There was no comment from the public.
3. Minutes of February 19, 2013. The minutes of February 19, 2013 were approved as submitted. .
4. Updates/Routine Business Items.
 - City of Novato. Mike DiGiorgio indicated that there was a recent item brought forward from the City regarding road impact fees. Jason Nutt indicated that the City was looking at several new areas for revenue and road impact fees were included. Jason indicated that several other cities in Marin collect road impact fees and franchise fees, which the City of Novato does not receive, since they are not the garbage franchisor. Jason indicated that this was only one of several revenue sources that the City was considering. Mike DiGiorgio suggested that the City staff should hold initial conversations with the District regarding this issue.
 - Redwood Landfill. Dan North reported on the Redwood composting operation. Pilot program is currently very successful. The EIR amendments have been completed. Construction for full operation is expected to begin shortly. Dan indicated that the C&D Materials Recovery facility construction is planned for early 2014. Redwood will also be expanding their roofing materials recycling program and notifying roofers in Novato. Dan also mentioned the Grand Jury report, most of which was quite favorable. Redwood will be offering comments as required.
 - Novato Disposal - Steve McCaffrey updated the Committee on the 1st Quarter report. Recycling and C&D diversion increased; green waste diversion was flat. Steve remarked that the 20 gallon can accounts continue to increase, while 95 gallon cans decrease. Staff continues to conduct outreach at multifamily and commercial accounts.
 - Marin County JPA and Local Task Force. Dee Johnson indicated that the JPA Board passed their FY2013/14 budget. Nothing new to report from the Local Task Force.
 - Legislation. Dee reviewed legislation introduced for the current session. .The single use plastic bag bills (AB158(Levine and SB405 Padilla), battery recycling bill(AB488 Williams) and medication take back bill(SB727 Jackson) are all held in Committees or in suspense files. The City of Novato recently passed an ordinance banning polystyrene foam for food packaging. The Marin JPA is reviewing the issues regarding a countywide ban on single use plastic bags.
5. FY 2013/2014 Proposed Solid/Hazardous Waste Program Budget. Dee Johnson and Beverly James reviewed the proposed budget with the Committee. Overall expenditures are increased by 3% to account for increased outreach for Zero Waste programs and AB341, purchase of sharps containers and disposal and additional staff time for planning and development for move of the HHW facility. HHW contractor costs are expected to be reduced with implementation of the Paintcare program. There is a small increase in AB939 fess (4%) to account for Zero Waste program outreach costs and the reduction in JPA reimbursement fees. (FY 2012/13 was the last year for the JPA repayment of prior fees owed. Current fees to be received on Novato self haul waste disposed at Redwood Landfill are \$27,697.) The Committee approved the budget as submitted and recommended it move forward to the full District Board for adoption.

6. Zero Waste Programs Calendar/Timetable Status. Dee and Novato Disposal staff reviewed the Zero Waste programs calendar/timeline. Articles on residential food waste will be included in the Fall newsletter. 20 gallon can use has increased 19% from the 1st quarter 2012. Bessie Martinez updated the Committee on schools outreach. Scott indicated that route audits were completed and data would be available at the next meeting. Bessie conducted 10 visits to multifamily properties. Dee and Novato Disposal staff will be working on promoting AB32/AB341 mandatory commercial/multifamily recycling by scheduling meetings with property managers and housing associations
 - a. Public Outreach Events update. Outreach events conducted in April and May include the Chamber Business fair, presentation at Novato Sunrise Rotary and the School Tour of Novato. Upcoming outreach events include a tour of the Recycling Center and HHW Facility by the LuSutton school, the Novato Art&Wine Festival, the 4th of July parade and Novato Farmer's markets. Additional events may be added.
7. Household Hazardous Waste Programs.
 - a. 2013 Household Hazardous Waste report. Dee reviewed the 2013 report. April was the highest participation at the facility in over 7 years.
 - b. Spring E-Waste Event report. The spring 2013 E-Waste event served 728 residents over 3 days and collected 39,963 pounds of E-waste. Costs continue to be reduced. Costs for this event totaled \$503.77 – a 4% reduction from fall 2012 event. Funding is included in the budget for 2 events in FY2013/14.
 - c. Paintcare Program and PSC contract update. Staff is continuing to work on incorporating the Paintcare program into the HHW program contract.
8. 2012 Disposal/Diversion and 1st Quarter 2013 Disposal/Diversion Monitoring Reports. Novato Disposal's 1st quarter 2013 diversion rate increased to 56% from 53% in 1st quarter 2012. The annual AB939 diversion rate for 2012 was 58.16%, an increase of 3% from 2011. Dee indicated that increasing C&D and commercial food waste diversion will be very important in reaching our Zero Waste goals.
9. Adjourn. The next Committee meeting will be scheduled for some time in the 3rd quarter. The meeting adjourned at 4:05pm.

MEMORANDUM

Date: August 2, 2013
To: Solid Waste Committee: Michael Di Giorgio, Dennis Welsh
From: Beverly James, Manager-Engineer
Subject: City of Novato Fiscal Sustainability Plan, Road Impact Fee Option

Background on City Staff Proposal for Road Impact Fee

City of Novato (City) staff has prepared a draft Fiscal Sustainability Plan (Plan) providing information about revenue and expenditures and highlighting policy options going forward. One of the policy options for increasing City revenues is to implement a road impact fee for refuse collection to generate about \$350,000 annually. The City Manager's Recommended Fiscal Sustainability Plan includes "Pursue options to collect refuse road impact fee" of \$350,000 beginning in the 2016/17 fiscal year". The Plan provides details of this option on pages 36 and 37 (see attached).

This memo provides information and questions for Solid Waste Committee consideration in response to the City Manager's proposal.

Background and History on District Solid Waste Service

1. Novato Sanitary District has managed refuse collection and recycling in the Novato area since its inception in 1925.
2. Environmental Leadership. The District and its franchise provider have a long history of providing innovative and quality service at a reasonable cost to all customers. Novato Sanitary District implemented the first curbside recycling in Marin County as well as the first residential curbside food waste recycling. It is currently well on its way to being the first program to achieve Zero Waste in Marin County.
3. Low Franchise Fees Keep Costs Down. District solid waste rates are the lowest in Marin County. One of the ways that the District is able to provide excellent and innovative services at a reasonable cost is that it does not collect high franchise fees to subsidize other services.

4. Straightforward, Transparent Business Approach. NSD charges the actual cost for service, no more and no less. Additionally, each class of customer—residential and business—pays the cost of serving them. NSD charges a franchise fee equivalent to the actual cost of managing the contract (\$45,000 per year), and does not add fees or charges to pass on for any other use.
5. Strictly Limited Profit for the Franchise Hauler. The District has negotiated a franchise agreement with the hauler, Novato Disposal, that strictly limits the company's maximum profit margin to one of the lowest in the industry (10%). Much higher profits of 15% to 25% are common in this industry. Novato Disposal's independently audited financials are reviewed by an independent consultant prior to each rate adjustment to verify the rates. The 2011 amended Franchise Agreement further limited Novato Disposal's profit by requiring that the company provide residential food waste composting and take other steps to reduce waste going to the landfill with no increase in rates. Future rate increases are limited to Consumer Price Index (CPI) even if company costs go up. As more residents reduce their garbage and transition to the low-cost 20-gallon cans, it is anticipated that the company's profits will decline.

Rate Comparison with other Agencies

The Franchise Agreement with Novato Disposal covers most solid waste pick up and recycling in the Novato Sanitary District service area including single and multi-family residential, commercial and industrial.

1. Novato Disposal has the lowest rates in all categories in comparison with the Marin jurisdictions.
2. In the Sonoma jurisdictions, Novato Disposal rates are the lowest for all categories except for the residential 32-gallon can. However, choosing the rate for just one service— 32-gallon single-family residential pick up—for comparison purposes is misleading. Quite often franchising agencies charge higher rates than the cost of providing service for one category of users in order to provide lower rates for other customers. For example, Petaluma's monthly rates are \$2.63 less for residential can pick up but \$83.88 more for weekly pickup of a 2-yard bin for commercial customers. Rate comparisons that show both residential and commercial rates as shown in the Figures 1 and 2 provide a more complete picture for rate comparison purposes.
3. Revenues from the recycled materials collected curbside are used to offset the cost of the solid waste collection and recycling for both residential and commercial customers.

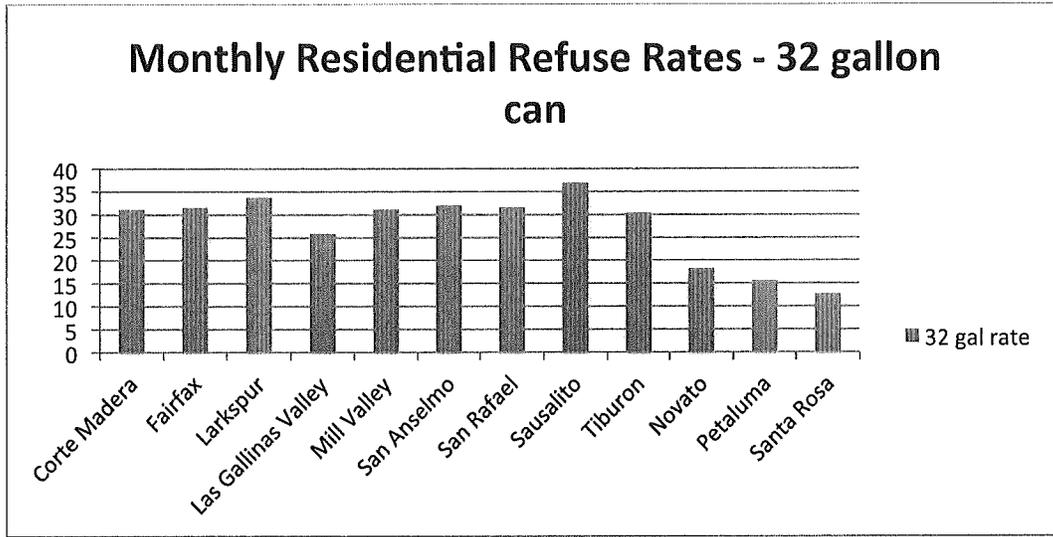


Figure 1 Monthly Residential Rates

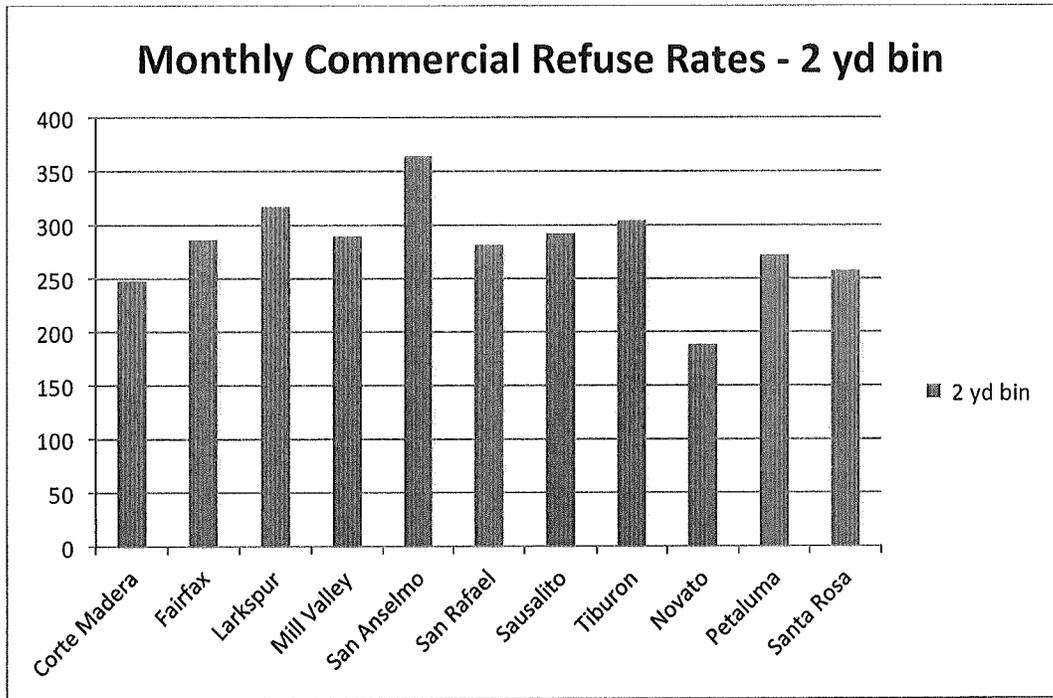


Figure 2 Monthly Commercial Rates

Staff Recommendation:

Staff recommends that the Committee review the City Manager's recommended option and other questions and provide guidance on next steps.

Questions to Consider

The City Manager is recommending imposing a road impact fee of an estimated \$350,000 on the solid waste rates beginning in 2016/17. A few questions for the Committee to consider as it develops a position for consideration by the District Board and community:

1. Is it fair to single out solid waste trucks for a road impact fee when there are many other types of trucks on the road: moving vans, delivery trucks, postal trucks, cement trucks, etc?
2. What would the impact be on the District's customers?
3. What are the legal issues?
4. How can the District engage the community in an open and transparent discussion?



Fiscal Sustainability Plan

Pursue Options to Collect Refuse Road Impact Fee					
One-Time Funds	FY 13/14	FY 14/15	FY15/16	FY 16/17	FY 17/18
n/a				\$350,000	\$350,000

Most cities in California do not offer garbage service directly as a City-provided service. Rather, they typically contract out that service to an exclusive provider via a “franchise agreement” that gives one provider effectively a monopoly on that service in town. As compensation for granting a monopoly franchise for garbage service, cities typically charge a franchise fee within the agreement that provides significant compensation to the City. This franchise fee is considered general revenue to the City (similar to general tax revenue) and can be used for any City services. Additionally, many franchise agreements levy a separate but related fee on the waste hauler that is specifically a “Road Impact Fee” or similarly named fee, that is specifically charged to compensate for the significant wear and tear that the weekly waste and recycling trucks have on city streets and pavement conditions.

Novato is fairly unique amongst cities in that it is one of the only incorporated municipalities that does not hold the garbage franchise. In those rare instances where cities are not the franchise holder, there is a pass-through by the franchise holder to the City. Rather in Novato’s case, the Novato Sanitary District is the public agency in Novato that contracts with and administers the waste hauling franchise. There are multiple issues for the City with this arrangement. First, the City receives no compensation under the arrangement – either for the right of the waste hauler to have a monopoly or for the wear and tear on City streets. While the Sanitary District holds the franchise due to its earlier formation, it is the City’s responsibility to repair and maintain the pavement, storm drains, and other public assets that receive wear and depreciation from the weekly waste and recycling trucks. This effectively amounts to a City taxpayer subsidy to the waste hauler for the wear and tear on City-maintained streets. Second, it should be noted that it is City staff’s belief that not even the Sanitary District is receiving appropriate compensation from the hauler for the franchise rights. The Novato waste hauler pays a total annual franchise fee of \$45,000 per year. For comparison purposes, the *Refuse Franchise Fee / Vehicle Impact Fee* slide looks at the financial details of three other neighboring cities’ franchise agreements. It is clear that franchise agreements, even for small- to medium-sized cities, can result in millions of dollars in annual additional revenue to the cities.

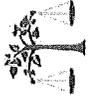
There is clearly a nexus between the franchise fee amount and the rates charged to the residents. Within each franchise agreement, it is typically spelled out fairly

REFUSE FRANCHISE FEE / VEHICLE IMPACT FEE

- Novato Sanitary District grants the franchise for waste hauling in Novato
- City of Novato maintains the roads upon which garbage trucks operate
- Total franchise fee collected from hauler by Sanitary District - \$45,000 + CPI factor
- No gross receipts fee
- No vehicle impact fee
- No compensation to the City for impacts on roads / maintenance

	Novato Sanitary	San Rafael	Petaluma	Mill Valley
Franchise Fee	n/a	10% receipts	10% receipts + \$500k	20% receipts
\$ Generated	\$45,000	\$1,400,000	\$1,500,000	\$790,000
Vehicle Impact Fee	n/a		10% receipts	\$135,000 (fixed rate)
\$ Generated	\$0	\$196,000	\$1,000,000	\$135,000
Total \$\$	\$45,000	\$1,596,000	\$2,500,000	\$925,000

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 THE STATE OF CALIFORNIA



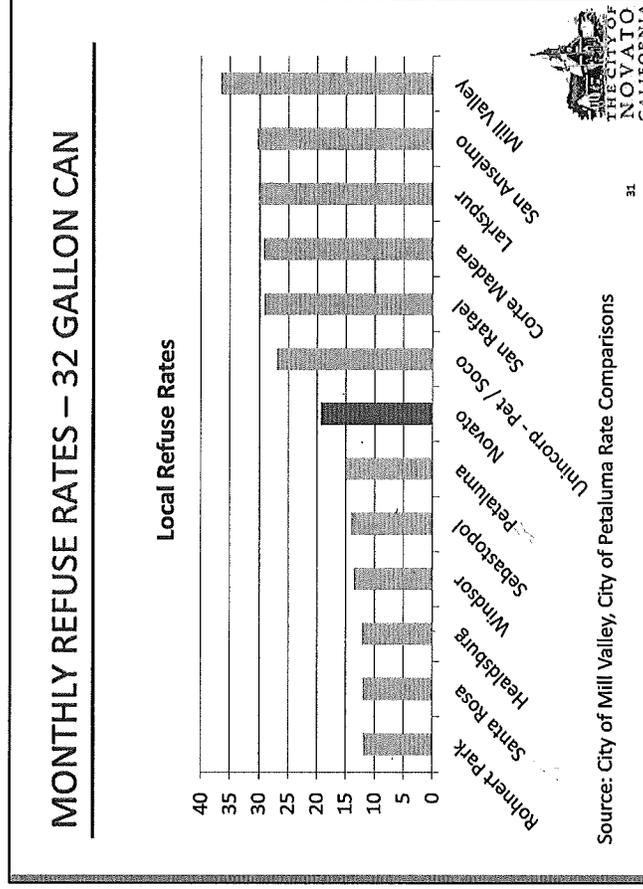
Fiscal Sustainability Plan

clearly what portions of a franchise fee can be passed on to residents in higher rates and which cannot be. In essence, portions of any franchise fee are paid directly out of the waste hauler's profit margin, and other portions of the fee end up coming from user rates.

The effect of Novato Sanitary's franchise agreement are multiple: (1) the waste hauler effectively shares only a minor amount of the gross receipts and therefore keeps almost a 100% of their profit; (2) rates are relatively low; and (3) the City (and its taxpayers) receive no compensation for road impacts.

The *Monthly Refuse Rates – 32 Gallon Can* slide, compiled in the fall of 2012, compares garbage rates of some various Marin and Sonoma cities. Clearly, Novato is the lowest of the Marin County cities, and yet Novato's rates are above many Sonoma County cities. What is especially interesting about the chart is that all of the cities that have lower rates than Novato are served by the same waste hauler company, and most of those cities receive significant franchise fee payments from their franchise agreements.

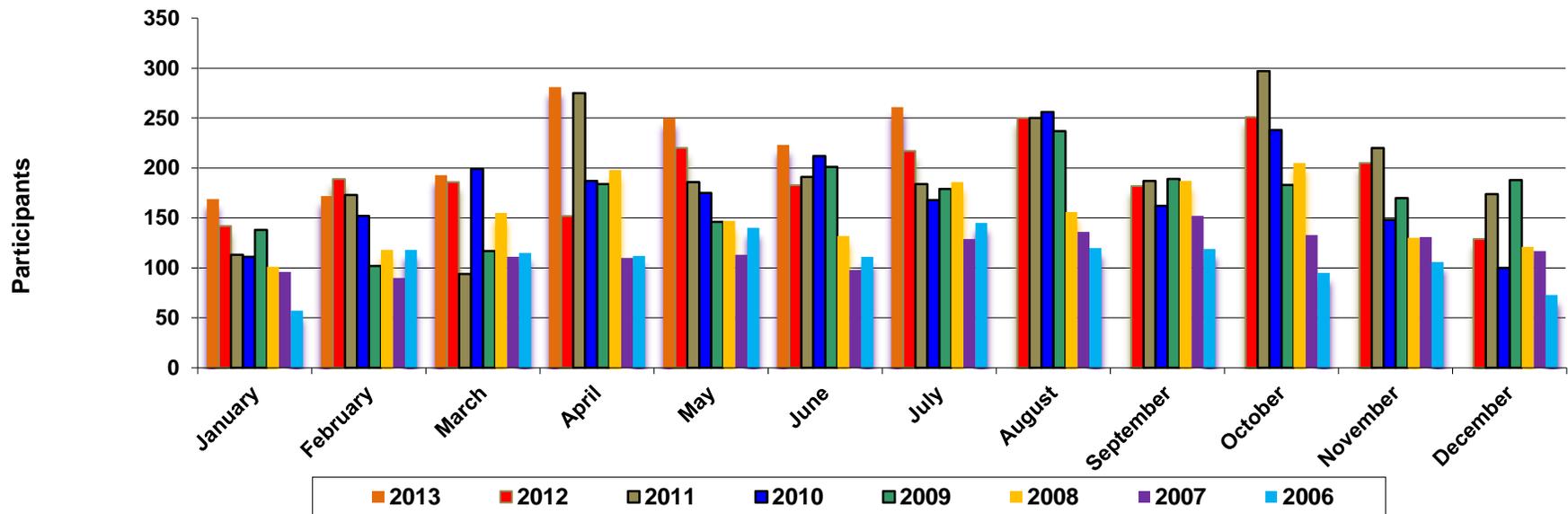
This option in the options tool, if selected, does not attempt to institute a new franchise fee or attempt to take over the franchise from the Sanitary District. Instead, it proposes to enter into negotiations with both the waste hauler and the Sanitary District to implement a road impact fee, specifically to help fund roadway improvements and upkeep that are necessitated by the continual operation of waste trucks on City-owned streets. Very rough estimates are that this option could generate about \$350,000 annually for the City's roads, but would be ultimately be subject to the completion of a nexus study to quantify the actual impacts.



HHW FACILITY SUMMARY 2013	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Total Participants	169	172	193	281	250	223	261						1,549
Been to events before?(Yes)	123	141	151	218	196	184	198						1,211
Permanent facility?	98	94	124	174	171	160	159						980
Temporary events?	36	63	40	56	54	45	57						351
First time user?	46	30	42	63	54	39	63						337
Type of waste brought in?													
Antifreeze	4	3	14	25	13	25	14						98
Asbestos	0	1	0	0	1	0	2						4
Auto products	15	19	35	54	38	39	42						242
Car batteries	5	5	4	8	5	5	3						35
Computer monitors	12	7	16	18	9	15	17						94
Cements, sealers	17	23	33	35	24	22	40						194
Fluorescent tubes & bulbs	30	29	29	38	28	31	42						227
Household batteries	38	25	38	52	50	48	57						308
Household cleaners, polishes	42	34	53	70	66	58	71						394
Latex paint	67	59	83	111	109	82	134						645
Mercury Waste	3	18	5	1	5	0	6						38
Motor oil/filters	12	13	27	37	41	29	38						197
Old gasoline	5	8	11	23	21	8	22						98
Oil base paint	46	31	66	80	90	58	98						469
Paint thinners, solvents	40	43	63	89	90	59	72						456
Pesticides, herbicides, insecticides	29	39	45	48	59	50	65						335
Pet care products	6	10	4	8	6	5	7						46
Photo chemicals	1	1	1	3	3	0	1						10
Pool Chemicals	4	3	3	5	6	8	8						37
Propane/helium tanks/fire extinguishers	18	9	15	22	20	25	21						130
Sharps	3	6	3	2	4	3	2						23
Spray paints	29	21	42	64	49	47	62						314
Television	30	27	45	28	18	15	15						178
Thermometers/Thermostats	3	6	1	1	5	9	6						31
Wood preservatives, stains	19	15	27	51	34	29	48						223
Other	44	39	46	49	38	43	39						298
Hear about program?													
Recycling Center flier	63	64	77	130	108	98	113						653
Novato Advance ad	11	6	14	19	10	13	16						89
<i>Novato Patch ad</i>	4	2	10	5	6	4	6						37
Word of mouth	33	29	31	47	32	34	39						245
Novato Disposal newsletter	63	72	55	118	119	74	108						609
Sanitary District newsletter	15	18	8	22	19	12	27						121
Sanitary District website	12	8	13	10	13	10	24						90
Other	14	13	16	20	16	11	26						116

HHW FACILITY SUMMARY 2013	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Change your own motor oil?													
Yes	17	22	23	45	19	26	27						179
Novato Recycling Center	15	16	14	37	10	20	16						128
Kragens	5	4	8	8	7	3	11						46
Pennzoil	0	0	0	3	2	1	0						6
Other	0	1	1	1	0	2	1						6
If yes, want curbside pickup?	9	7	9	22	7	9	11						74
No	152	152	162	236	231	197	237						1,367
Comments													
Compliments/Good	54	45	46	83	81	59	89						457
Complaints	5	4	5	2	0	1	1						18

HHW Facility Monthly Participation 2006- 2013



HHW PARTICIPATION

	January	February	March	April	May	June	July	August	September	October	November	December	TOTALS
2013	169	172	193	281	250	223	261						
2012	142	189	186	152	220	183	217	250	182	251	205	129	2,306
2011	113	173	94	275	186	191	184	250	187	297	220	174	2,344
2010	111	152	199	187	175	212	168	256	162	238	148	100	2,108
2009	138	102	117	184	146	201	179	237	189	183	170	188	2,034
2008	101	118	155	198	147	132	186	156	187	205	130	121	1,836
2007	96	90	111	110	113	98	129	136	152	133	131	117	1,416
2006	57	118	115	112	140	111	145	120	119	95	106	73	1,311
% Change from 2012	19.01%	-8.99%	3.76%	84.87%	13.64%	21.86%	20.28%						

NOVATO DISPOSAL SERVICES DISPOSAL/DIVERSION QTLY COMPARISON 2012 VS. 2013

DIVERSION	<u>2012</u> <u>1stQ</u>	<u>2013</u> <u>1stQ</u>	<u>2012</u> <u>2ndQ</u>	<u>2013</u> <u>2ndQ</u>	<u>2012</u> <u>3rdQ</u>	<u>2013</u> <u>3rd Q</u>	<u>2012</u> <u>4th Q</u>	<u>2013</u> <u>4th Q</u>	TOTAL 2012	TOTAL 2013
Novato Disposal Recycled (Curbside & Buyback)	3,306	3,911	3,306	3,585						
Novato Disposal C&D Waste, wood waste & Inerts	584	738	584	1,209						
Novato Disposal Green waste used for compost	3,387	3,305	3,387	3,590						
Novato Disposal Food Waste used for compost	26	21	26	36						
TOTAL TONS DIVERTED	7,303	7,975	7,303	8,421						
DISPOSAL										
MSW& Debris Box/Novato Disposal	6,483	6,142	6,483	6,522						
TOTAL TONS DISPOSED	6,483	6,142	6,483	6,522						
TOTAL WASTE GENERATED(TONS)	13,786	14,117	13,786	14,943						
PERCENT DIVERTED	53%	56%	53%	56%						