



Albemarle County

Legislation Text

File #: 18-537, **Version:** 1

AGENDA DATE: 11/7/2018

TITLE:

Ivy MUC Tipping Fee Changes

SUBJECT/PROPOSAL/REQUEST: Resolution requesting the Rivanna Solid Waste Authority (RSWA) to lower tipping fees

ITEM TYPE: Consent Action Item

STAFF CONTACT(S): Richardson, Kamptner, Henry, Stewart

PRESENTER (S): N/A

LEGAL REVIEW: Yes

REVIEWED BY: Jeffery B. Richardson

BACKGROUND: The Amended and Restated Ivy Material Utilization Center (MUC) Programs Agreement between the County of Albemarle and the Rivanna Solid Waste Authority (Attachment A) details, among other things, the services to be provided by the RSWA, the financial support to be provided to the RSWA by the County, and the establishment of tipping fees.

The Agreement allows the Board of Supervisors, by majority vote, to propose changes to tipping fees for adoption by the RSWA's Board of Directors. In September 2018, the RSWA concluded its analysis of Solid Waste Fee Alternatives (Attachment B) which examined its municipal solid waste (MSW) Tipping Fee and Service Fee structure.

STRATEGIC PLAN: Infrastructure Investment: Prioritize, plan, and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs; Quality Government Operations: Ensure County government's capacity to provide high quality service that achieves community priorities.

DISCUSSION: The new Ivy Materials Utilization Center (MUC) solid waste transfer station, which opened on September 25, 2018, could potentially stimulate an increase in MSW disposal tonnage. The new MUC accommodates large, commercial compactor trucks that could not be accommodated at the former transfer station, which can directly deposit their waste on the tipping floor for transport to the landfill. The former Ivy transfer station received 8,200 tons during 2017. This equates to an average of approximately 32 tons per day. The capacity of the new site is 300 tons per day (or 74,100 tons per year based on a 247 day per year operation). Tipping fees, the charge per ton of MSW disposed, are a major source of revenue for the RSWA.

Tipping fees at the Ivy MUC are currently \$66.00/ton. RSWA and County staff believe a reduction in tipping fees, to a level closer to the regional average, would make the Ivy MUC more competitive when haulers determine which disposal facility to use, and would result in increased volume of use. The analysis documented in Attachment B determined that the average tipping fee in adjacent counties is \$52.25/ton, and

provided a financial model based of the expected impact of a reduced fee of \$55.00/ton. An additional 5,500 tons of MSW per year would be required for the fee reduction to be “revenue-neutral”, an increase of 67%. Though the new facility can handle the additional tonnage, the RSWA cannot guarantee an increase in MSW tonnage resulting from a decreased tipping fee sufficient to offset lost revenue, but recommends the County consider lowering fees as a pilot for two years.

The pilot would include marketing by RSWA and the County, and careful monitoring of tonnage and revenues to assess the impacts of the new facility and lower fees. Attachment B further considers eliminating the base Service Fee as a measure to improve customer satisfaction. Eliminating the Service Fee would reduce annual revenue by approximately \$82,596. The RSWA considers it unlikely that eliminating the fee would generate a sufficient increase in business to remain revenue-neutral, and this change is therefore not being recommended by Albemarle County staff at this time.

BUDGET IMPACT: Based on data presented in Attachment B, the County could realize an increase in financial support to the RSWA of up to \$90,000.00/year if a reduced tipping fee does not result in a revenue-neutral tonnage increase.

The FY19 budget impact could be up to \$45,000 if the fee adjustment occurs on January 1, 2019. If the Board requests that the RSWA lower the tipping fee effective January 1, 2019, and if the RSWA does so, staff will present to the Board an appropriation request for the expected increase in financial support to the RSWA upon implementation of the new fee in January, 2019, or at the end of FY 2019 after the County and the RSWA reconcile budget actuals during an end of year “true up” process.

The additional funding, if needed, would be appropriated from the Reserve for Contingencies.

RECOMMENDATION:

If the Board desires that the RSWA consider a lower tipping fee, staff recommends that the Board adopt the attached Resolution (Attachment C), and authorize the County Executive to forward it to the RSWA’s Board of Directors.

ATTACHMENTS:

Attachment A : Amended and Restated Ivy Material Utilization Center Programs Agreement Between the County of Albemarle and the Rivanna Solid Waste Authority

Attachment B: Rivanna Solid Waste Authority Memorandum: Solid Waste Alternatives dated September 25, 2018

Attachment C: Resolution Requesting Lowering the Tipping Fee at the Ivy MUC