

A RESOLUTION ACCEPTING THE REPORT ON BILLING AND COLLECTION OPTIONS
AVAILABLE FOR IMPLEMENTING A USER FEE FOR
RESIDENTIAL ROLLOUT CONTAINERS AND DUMPSTERS
Resolution No. 65/2002-03

WHEREAS, the Carrboro Board of Aldermen has received the report on solid waste billing and collection options for user fees; and

WHEREAS, staff recommends that the Board not consider creating a solid waste billing and collection system for the purpose of administering fees; and

WHEREAS, the Board of Aldermen, if it wishes to move forward with a residential solid waste user fee, that the option of a using a bag type system, be further explored,

NOW, THEREFORE, THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO:

Section 1: That the Board accepts the report analyzing billing and collection options available for implementing a residential rollout container and dumpster fee.

Section 2: That the Board further directs staff to:

a.

This the 10th day of December, 2002.

TOWN OF CARRBORO

REPORT ON SOLID WASTE BILLING AND COLLECTION OPTIONS

PRELIMINARY FINDINGS

Project Team

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PRELIMINARY FINDINGS

BACKGROUND

The Board of Aldermen, during the month of June 2002 held two public hearings on service fees for dumpster and rollout containers. During the public hearing on June 18, staff presented a timeline of tasks for evaluating billing and collection options for various solid waste fees in addition to roll-out containers. At that time, four distinct options for pursuing solid waste fee billing and collections were presented. To administer the fee, the Town can:

- ▶ Bill and collect solid waste fees in-house
- ▶ Contract with Orange County to bill and collect via property tax bill
- ▶ Contract with OWASA to bill and collect via water bill
- ▶ Outsource some components of solid waste fee billing and collections

Subsequent to that report, and toward the end of this evaluation, an additional potential option was brought into consideration:

- ▶ Implement a bag or sticker based fee system designed to be compatible with the semi-automated collection equipment.

The Board scheduled further deliberation on implementing user fees for solid waste services on June 25, 2002, and ultimately adopted a resolution instructing staff to develop a recommended user fee structure and billing system for residential dumpster and roll-out container service to become effective July 1, 2003.

Staff, since early August, has pursued the analysis of the aforementioned billing and collection options and has determined that the costs and complexity of expanding solid waste fees to households within the Town warrants a review by the Board for feedback prior to pursuing further action on this effort.

STUDY APPROACH

This project has entailed the following steps:

1. Ascertaining the solid waste financing practices of North Carolina jurisdictions
2. Identifying components of billing and collection functions and their impact on the fee structure and administrative structure
3. Identifying strengths and complications of each option
4. Providing a rough cost estimate associated with implementing a solid waste user fee

SOLID WASTE BILLING AND COLLECTION PRACTICES IN NORTH CAROLINA - RESIDENTIAL ROLL-OUT CONTAINER AND DUMPSTER COLLECTION SERVICES

The North Carolina League of Municipalities, in its report, *'What are we doing with garbage? 2001, Results of the 2001 NCLM Solid Waste Practices and Finances Survey of North Carolina Municipalities'*, identifies numerous practices amongst jurisdictions with regard to solid waste billing and collection, with the primary trend being that more jurisdictions are charging solid waste fees.

In general, cities continue to prefer using water bills to collect garbage collection user fees from residents and businesses. However, an important trend since 1998-99 is that jurisdictions are increasingly using property tax

bills to collect garbage collection user fees from residents while relying on separate bills to collect from businesses.

In cities with a population of 10,000 to 24,999 in FY01-02, 62% assessed a residential garbage collection user fee and 58% assessed a business garbage collection user fee. However, 23 of 26 reporting cities used the water bill to assess the solid waste user fee. Unlike Carrboro, all of these twenty-three municipalities own their utility functions. In order for Carrboro to assess solid waste fees on the water bill, it would be necessary to contract with OWASA and operate within their system constraints.

In terms of rate structures for residential rollout service fees, 45.4 % of cities with populations of 5,000 or more charge a flat fee; 5.7% charge a variable fee; and 4.1% use some combination. Variable rates are more commonly used in assessing solid waste service fees for businesses. A reported 44.8% do not assess a residential garbage fee.

SOLID WASTE BILLING AND COLLECTION PRACTICES IN CARRBORO

Effective October 1, 2002 the Town began charging for nonresidential dumpster collection fees based on dumpster size and the number of pickups per week. In addition, the Town assesses various fees to collect bulky household items or other waste and large amounts of yard waste and brush. Due to the small number of on-demand pickups and the small number of commercial patrons using the town's dumpster services, the Town is able to use its in-house financial system to bill and collect these fees.

The Town does not currently bill for rollout containers and residential dumpsters. To do so would require the Town to establish new capabilities and systems to assess, bill, track, and collect for solid waste services on this large scale, regardless of whether it is done in-house or outsourced.

REVIEW OF SOLID WASTE BILLING AND COLLECTION OPTIONS

North Carolina laws and regulations and the Town ordinances and fee schedules determine the extent of the Town's revenue-raising authority for solid waste services, when such revenues can be collected, and how they can be collected. Understanding the legal authority of the Town directly affects how the assessment, billing, and collection of solid waste revenues can be managed in each of the four options.

Legal Issues

The primary legal funding mechanisms available to Carrboro for providing solid waste services are property taxes and user fees. User fees may be charged directly to users of the service, and are limited to recovery of costs of providing the service.

From a fee collection perspective, the laws are flexible and are largely a matter of Board policy decisions and practical implementation. The statutes would allow Carrboro to collect solid waste fees in a manner similar to property tax, allowing for all the same legal remedies for collection of fee revenues that are available to collect un-paid taxes, including charging penalties and interest, placing liens, and seizing property.

Certain aspects of collection enforcement may be outsourced. A primary opportunity for outsourcing is the debt setoff program that was established by the North Carolina League of Municipalities and the NC Association of County Commissioners (N.C.G.S. 105A-1 through 105A-16). This is a program whereby any municipality or county can decide to submit a delinquent debt to a specified clearinghouse.

The debt must meet specific criteria:

- \$ the debt must be at least sixty days old;
- \$ the amount must be \$50 or greater
- \$ the city or town must have given proper notice of the debt to the debtor and what the rights of appeal are and,
- \$ the city or town must furnish to the clearinghouse the debtor's name and social security number.

This information then goes from the clearinghouse to the NC Department of Revenue and if the debtor is due a refund on North Carolina state income taxes, the municipal debt will be withheld. This alternative is available in all of the billing and collection options considered by staff.

In this report, the components of analysis are first defined below and then evaluated within each option. All of these components affect the cost projections in each option (Table 1).

EVALUATING THE OPTIONS - COMPONENTS OF ANALYSIS

Assessment

The Assessment function, or determining if an entity owes a fee – and how much, is a critical component of the fee-based revenue option. In a book produced by the Government Finance Officers Association, "*Revenue Collection Administration – A Guide For Smaller Governments*," author Ian Allan states that "the assessment and billing of revenues are two of the most important tasks faced by local governments in their daily operations...The inability of a local government to successfully accomplish these tasks can reduce the amount of revenue available to finance its activities and to provide services to residents in an orderly fashion. In most jurisdictions, the assessment function is managed independent of the collection function."

When administering property tax billing and collections, governments generally have a working unit that conducts the assessment process, and a separate revenue unit that will collect the property taxes. In the case of utility charges, the fees represent an assessment of the user's financial obligation. The responsibility for generating the billing for these services sometimes falls on the utility or department providing the service, but the collection is often the responsibility of the bill collection office.

In order to assess a fee for residential rollout containers, we must determine what services are provided and to whom in a universe of approximately 3,000 users and developing a new database to track users over time. Public Works currently maintains a customer database for rollout cart inventory purposes and only identifies who purchased a rollout container and where the person lived. This database is not readily adequate for assessment functions in that it does not identify whether the purchaser was a property owner or a tenant, nor does the data identify which addresses have more than one rollout container. Another option considered was the Town's GIS database of site addresses. However, the addresses within the database will have to be verified and will have to be modified to include house number, street, and building number and unit numbers for apartments, duplexes, and other rental property. It would also need to include a billing address (and possibly a tenant name) associated with the site address to serve as a billing database. The major point of this digression is that the conversion of our current GIS system, which is designed for analytical purposes to a system that can accommodate billing needs will require substantial modifications prior to implementation.

Billing

The next aspect of implementing user fees is the billing system itself. The key instrument is a bill or invoice that sets the billing cycle in motion. The bill will have to be generated from the billing database, printed, and mailed. The costs associated with this function will include labor, paper, printing, and postage. The invoice should contain specifics such as the name of person billed, the correct address, type of service provided, costs of service, charging period, and amount due. If remittance processors are used to process payments, the billing instrument

should also be a turnaround document, that is, one that can be used with remittance processing equipment to enable rapid payment processing and ensure the rapid deposit of funds. In addition, a return envelope should be prepared to improve remittance rates.

Prior to planning and developing the billing system, a number of policy decisions will have to be addressed, including:

- \$ Timing of billing (time of year, before, upon, or after service delivery);
- \$ Penalties and interest charges that would apply to overdue payments;
- \$ Discounts for early payments;
- \$ Billing exceptions or exemptions (i.e., low-income households);

Another primary task in establishing a solid waste billing system is the development of internal controls for ensuring that the three principal accounting system components: billings, cash receipts, and receivables are in place. The billing system should be connected to the accounts receivable system so that records of bills that have been mailed are automatically transmitted for entry to the accounts receivable system. The collection of cash receipts should be recorded on a daily basis in the Town's accounting system. In order to enter information into the accounting system, records must be established for each revenue item that is collected and deposited into the bank. The accounts receivable system records all bills that have been mailed but have not yet been paid, tracks outstanding accounts, and triggers follow up on account delinquencies. These functions are often addressed with accounting system packages that are widely available on the market. Modifications to standard accounting software would be necessary if any aspect of the assessment, billing or collections is outsourced.

Collections

Collecting revenues and enforcement of delinquent accounts is the third major component of consideration in the evaluation of the solid waste billing and collection options. The Town's collection policy would have to address several goals: the acceleration of revenue receipts, the improvement of operational efficiency, centralization of the collection function, the maintenance of internal controls, the provision of quality services to taxpayers, and the proper handling of cash and checks.

The amount owed to a local government at the end of a fiscal year is often more closely related to that government's attitude and policy regarding the collection of revenues and the effectiveness of its enforcement system than it is to the ability of the customers to pay their fees.

Enforcement actions to collect delinquent accounts can include but is not limited to: charging penalties and interest, cutting off services, filing tax warrants, garnishing wages, imposing tax liens, seizing property, and pursuing civil suits.. Due to the wide range of collection possibilities, the establishment of policies and procedures would need to be in place to ensure the uniform and equitable treatment of all customers. As presented in the matrix, each option has its own issues to be resolved. . Handling customer complaints may involve requests to adjust fees or services and there would need to be clear policies and procedures for handling complaints.

REVIEW OF OPTIONS

All of the options are evaluated using the major components described above (assessment, billing, and collections). Notes are made on the effect of each option on the rate structure of the fee and to whom the bill is assessed. In addition, a broad estimate is made regarding minimum resources that will be needed to assess and

bill solid waste fees. In all of the options, the Town will continue to bill for commercial nonresidential dumpster collections and for services on demand.

Rated in terms of common practice and convenience, the property tax or water bill as a means of billing for solid waste use rate high among the choices available to the Town. However, the outsourcing of billing and collections to OWASA and Orange County becomes much more complex given the legal, technological, political, and practical obstacles that must be addressed to have a successful solid waste billing and collection program. A major concern of OWASA and Orange County is the handling of customer calls and complaints, as they would have no jurisdiction.

Orange County is also in the process of reviewing the possibilities of generating revenue to support its landfill operations (separate from cost of collecting trash which is not included in the cost of landfill operations). The property tax bill is one of several means to bill and collect solid waste fees. It is possible that the Town may have an opportunity to "piggyback" on the County's actions and get the advantage of marginal administrative cost. It is our understanding that the County will be presenting options to the Board of County Commissioners sometime in December or January.

OWASA

Discussions were held with OWASA in early June 2002 to consider the possibility of OWASA performing the solid waste billing and collection functions. Billing solid waste fees on the water bill is a convenient method of collecting solid waste fees on a monthly basis. It is usually accomplished via a flat rate and tenants are billed versus property owners. Several issues diminish the practicality of outsourcing with OWASA.

Assessment Concerns

OWASA, to evaluate assessment issues, attempted a match of their customer records (customers are defined as tenants of properties) and the County's GIS records and was only able to capture a 60% match. Other limitations were identified that would affect the administrative feasibility of contracting with OWASA without some investment of staffing resources within the Town and perhaps at OWASA, modifying the billing and collection financial application(s), and allowing time (at least 9 months) for implementation with investments already in place prior to seeing any revenues. To begin with, as mentioned earlier, the Town does not have a database of rollout carts with respective owners and addresses.

The following concerns are cited by OWASA as being critical to the Town's ability to assess a solid waste rollout fee based on actual usage:

- ☛ Segregating customers in OWASA database by rollout services versus dumpster service
- ☛ Handling one-to-one metering charges versus one-to-many metering charges (i.e., apartments & other rental properties)
- ☛ Identifying:
 - \$ Customers who are not OWASA users (they have septic services) but get rollout services from the Town
 - \$ New homes that come on-line
 - \$ Vacant addresses
 - \$ Low-income households

Collection concerns

From a collection perspective, using the laws that allow Carrboro to collect solid waste fees in a manner similar to property tax represent the best possible scenario for effective collection of this revenue because of the large student population and the overall transient nature of the community. Using OWASA to bill customers still means the Town will have to manage the aging accounts receivable reports and either pursue delinquent payers internally or consider asking Orange County, which already has a formal collection function, to collect on these accounts. However, Orange County has stated explicitly that it prioritizes collections for the largest amounts first and that it may not be feasible to collect such small amounts. This issue is explored in more detail later in the report.

In addition, the current town ordinance requires owners to be responsible for their solid waste receptacle(s). The ordinance can be changed to make the tenant responsible, but there is concern about the enforcement of collections. In a legal and practical administrative sense, the town should use the enforcement capability with the owner being responsible for solid waste receptacles.

In other governmental jurisdictions that do water billing, disconnecting services is amongst the options for dealing with delinquent payers. OWASA, however, is not willing to cut off water services to residents due to delinquent fees, thus eliminating perhaps the strongest enforcement tool that would be available through this option.

Due to the limited viability of outsourcing solid waste billing and collections with OWASA, no firm resource projections were attempted. OWASA staff did indicate that they would need to get their financial system representative to conduct a software feasibility study and that the Town would need to assume responsibility for accuracy in the assessment data provided for billing purposes.

Orange County

Meetings were held with Orange County in early June 2002 and in September 2002 to consider the possibility of Orange County performing the solid waste billing and collection functions. Using the property tax bill creates parameters that require the customer base to be property owners, establishes billing on an annual basis, and enables the Town to take advantage of the County's power to enforce collections in the same manner in property taxes. The user fee would have to be based on actual services provided and can be a flat or variable rate. As mentioned earlier, most jurisdictions use a flat rate.

Discussions with Orange County revealed the complexity and costs involved in the billing and collection of solid waste fees. Enforcement of collections, especially using the means available through property tax collections, raised some sensitive questions the Town would need to address: First, is the Town willing to foreclose on property for nonpayment of a solid waste fee? Secondly, What dollar threshold does the tax collector use before using a bank attachment or a foreclosure to enforce payment of the solid waste fee? From a tax perspective, property taxes are a write-off on income taxes and fees are not, meaning taxpayers will be paying the same amount in taxes but writing off less. In addition, this fee will affect escrow accounts on mortgages. It can force an escrow account into arrears due to limited cushion that is generally based on anticipated property taxes. That arrearage, plus the additional fee, will have to be made up in the following year. Like OWASA, Orange County also noted numerous assessment concerns and would need a solid database from the Town to properly assess, bill and collect solid waste fees.

Assessment Concerns

The following concerns are cited by Orange County in managing the data needed to assess all residents for solid waste fees:

● Billing for vacant properties versus occupied properties

- \$ If Carrboro were not going to bill vacant properties, town staff would have to do a complete annual assessment of properties that are unoccupied on the taxing date (likely January 1 of each year). Orange County will not take responsibility for tracking vacant properties.
- \$ If Town will be waiving fee for vacant properties, staff would need to develop a work process to notify Orange County and begin paperwork to adjust the accounts. There is a lien that is created on properties when fee is uncollected. Does releasing a lien have to go to the Board of Commissioners or to the Board of Aldermen?

● Billing for tax-exempt properties

- \$ Tax-exempt properties use the garbage collection service but do not receive a tax bill.

- \$ Persons qualifying for homestead exemptions and disabled veteran exemptions use garbage collection services but receive no tax bill
- Identifying customers who have more than one rollout container
 - \$ Some properties, like trailer parks and duplexes have more than one or many rollouts for one property. If a rollout fee is charged, Carrboro will be entirely responsible for tracking the number of rollouts and bills per piece of property and providing that information to Orange County annually.
 - \$ Some properties have dumpster service and not rollout service. Carrboro would be responsible for providing this information.

Collection Concerns

As mentioned earlier, collecting delinquent revenues in the same manner as property taxes gives the Town the strongest leverage in fee compliance. However, there are many practical hurdles and enforcement policy decisions to make about collecting delinquent revenues that represent a small amount. Following up on small amounts are considered by Orange County to be a low priority and not very cost effective given the time and cost of pursuing the debt.

Despite all of these obstacles, there may be a streamlined opportunity of some sort to participate with Orange County in creating a fee on the property tax bill. The Solid Waste Advisory Board and Orange County staffs are reviewing solid waste financing structures in an effort to fund the landfill. The County may recommend some billing and collecting a solid waste fee via the property tax bill. Depending on how this fee is ultimately structured and assessed, there may be marginal costs attached to Carrboro's request to add a fee specifically for the Town on the property tax bill.

Orange County is willing to explore the option of solid waste billing further. They note, however, that the administration of such a fee will require a minimum of two staff persons for Orange County and modifications to their software to capture assessments as needed by the Town.

SOLID WASTE BILLING AND COLLECTIONS - IN-HOUSE AND/OR OUTSOURCED

The other two options, performing solid waste billing and collections in-house and outsourcing billing and collections will also require additional resources. Town staff, having no experience in administering a large formal billing and collection system, has made some general projections regarding staffing resources needed to implement and administer a fee.

Based on a brief discussion with OWASA and simple workload measures, it is assumed that one person per 3,150 households would be adequate for performing the billing and collection functions. Billing and collection responsibilities include regular billing data entry and processing, answering calls and walk-in traffic for customer questions regarding the bill or service, coordination with Public Works regarding delinquent accounts, follow-up on delinquent accounts, and pursuing legal mechanisms available to the Town. For the Town, this means one person would be needed in the Management Services Department to perform billing and collection services.

At this time, it is unknown whether the existing financial system can be used to administer a solid waste fee. As mentioned earlier, most jurisdictions use a utility bill or the property tax bill. Entertaining proposals from vendors for a utility fee package would require the Town to have more definite parameters about the fee structure and administration of the assessment, billing and collection functions. The most basic records that will be needed to assess and bill residents do not exist. The town does not currently have a central accounts receivable or collection function and would need staffing in addition to training on the different methods through which collections are enforced. The complexity of the fee structure and the larger volume of payers will affect the system capability and costs. It will cost a minimum of \$2500 to hire MUNIS representatives to assess the adequacy of the existing billing system for a solid waste fee. However, there are billing systems available should the Town's existing financial system be inadequate. Costs are estimated at several thousand dollars and upward.

A trickier projection is a cost estimate for the creation and maintenance of assessment and service data that will serve as the basis for billing. One key cost factor is whether to bill property owners or to bill tenants. Due to the need to accumulate a large amount of service data in a short period of time and understanding the importance of an accurate database for billing purposes, the Public Works Department recommends hiring a consultant to assist with the initial creation and development of a database designed for billing purposes. In addition, a consultant would assist town staff with recommended business practices for maintaining service data (payer, billing address, physical address, number of rollout containers served, etc).

Once the database is established, it is believed that maintenance of the database could take up to half of a person's job time, which can likely be handled with existing staff. The Public Works Department called for estimates to several vendors. Verification of addresses is estimated at approximately three dollars per address sited. However, this does not address any software or hardware needed to manage the data on a continuous basis and the cost of migrating a large amount of data to a financial system. Actual costs can be further explored through a request for proposal.

The recent implementation of the dumpster collection billing system, shed light on the time required to assess and bill payers. The Public Works staff spent approximately three months pursuing approximately 95 owners of served dumpsters to obtain vital information needed to assess and bill patrons. Information collected included: owner's name, physical address of the dumpster, owner's billing address, size and number of dumpsters, and times per week served. In addition, consumer service agreements were signed by each of the payers to receive services. The first billings, sent in late September, were done manually due to timing of the audit and the need for assistance from the company that supports the financial system. The Management Services Department, in coordination with Public Works, established a recurring billing system in the financial system in time for the December 2002 billings. The staff accountant, with assistance from the company that owns the financial system, performed the initial setup of the system and has transferred the invoicing and billing data entry and process to the part-time front desk position. Regular coordination is required between the two departments regarding delinquent payments so that Public Works can work with the payers to ensure compliance with the Town's solid waste ordinance. The two departments communicate on a regular basis regarding the status of payments. No collection procedures apply with this fee as payments are made on a subscription basis and in advance on a quarterly basis. In total, implementation of an administrative system for the dumpster collection services (total of approximately 55 businesses now being served) took almost five months with existing staff. To date, no there has not been time to document work processes and to develop policies regarding payments and enforcement of solid waste collections in the case of nonpayment.

Based on this experience and the need for accurate records, it is assumed that with the help of a consultant in verifying and creating an accurate database and with adequate staff support in the Management Services Department, that some form of in-house billing and collections could be done and would require at least six to nine months of lead time prior to collecting any revenues associated with solid waste fees.

SUMMARY

In summary, staff analysis concludes that the options of outsourcing to OWASA or private sector vendors are not viable options. An in-house system is viable by adding new positions, new hardware and software, and allowing time needed to develop work processes, and identify other operating needs. Further study would have to be done to refine cost estimates and work scope. Costs of the option of contracting with Orange County would be comparable, and possibly higher. Rough cost guesstimates for an in-house operation place the minimum costs for startup at approximately \$86,000. A breakdown for in-house operations follows:

Description	Minimum Cost Estimates
Administrative Analyst Position/Furniture/Operating Costs	\$43,800 + \$5,500 for office supplies/pc/desk/chair
Consultant, Establish Assessment and Billing Database for 3,400 rollout containers serviced*	\$10,000 or greater
Utility Fee Software	\$2,500 (to assess viability of the MUNIS system) Software and hardware costs can range from several thousand and upward if a new utility package is needed.
Operating Costs for Billing (postage, paper, bill format, etc...) assume 3,400 rollouts; monthly billings	\$25,000
Total	\$86,000 minimum

*based on calls to vendors, physical addresses can be verified at a minimum of \$3 per address.

Town services 3400 rollout containers. This cost estimate does not include software and hardware costs that might be incurred in managing service data on a continuous basis and for migrating such data into a billing system

The option of using a bag system, which was raised too late for proper evaluation in this report, would eliminate the need for the billing and collections systems as reviewed above. Current staff would likely absorb enforcement. Additional staff responsibilities would include planning the system on the front end and managing bag distribution, which shall create numerous financial transactions internally and externally and work processes to ensure internal controls on inventory and smooth operations. While this seems like a simple option from an administrative standpoint, further study is needed because it has just surfaced so late in the process of preparing this report the logistical aspects of how it might interface with current operations have not been adequately evaluated.

A bag type system would meet both of the objectives in implementing a user fee system: relieving some of the property tax burden of providing the service, and providing an incentive for a behavioral change that will result in reductions in waste disposal and increased recycling. Preliminary evaluation indicates that this option would accomplish the second objective more effectively, because of the closer link between cost and amount of waste. Secondly, this option may accomplish the first objective more efficiently, in that it would not add substantial cost to the Town of providing the service – cost increase that is not accompanied by any change in level or quality of service.

RECOMMENDATION

Preliminary cost estimates reveal that the administrative costs of implementing a billing and collection program for fees adds, at minimum, almost one penny on the tax rate to collect approximately \$300,000 (three cents on the tax rate). In addition, the administrative cost as explored in this report would not be “value-added” – that is, a cost would be added without improving services or providing an incentive to change waste behaviors.

Staff recommends that if the Board wishes to move forward with a residential solid waste user fee, that the option of using a bag type system be further explored. The Public Works Department will need to conduct further study to fully evaluate operational aspects, identify a timeframe, and prepare program cost estimates.

Residential and Commercial Rollout Container and Multi-Family Dumpster Collection Fees

Components of Analysis	ORANGE COUNTY	OWASA	IN-HOUSE	OUTSOURCED BILLING AND COLLECTIONS
Assessment	<p>Limitations Billing vacant properties vs. occupied properties for solid waste fees Does not bill tax-exempt properties Persons qualifying for homestead exemption or disabled veteran exemptions do not receive tax bill Identifying customers who have more than one rollout container Identifying who is a dumpster user vs. rollout container user</p> <p>Per GS 160A-314 (a2), town can provide aid to low-income persons to pay all or part of costs to these persons</p>	<p>Limitations Segregating customers in OWASA database by rollout services vs. dumpster services Handling one-one metering charges vs. on-many charges (i.e., apartments and other rental properties) Identifying vacant addresses, low-income households, new homes on-line, billing septic service users not on OWASA files</p> <p>Per GS 160A-314 (a2), town can provide aid to low-income persons to pay all or part of costs to these persons</p>	<p>Limitations Town does not have existing database of rollout containers by address and has no verified billing addresses</p> <p>Per GS 160A-314 (a2), town can provide aid to low-income persons to pay all or part of costs to these persons</p>	<p>Limitations Town does not have existing database of rollout containers by address and has no verified billing addresses; this would have to be provided to vendor</p> <p>Per GS 160A-314 (a2), town can provide aid to low-income persons to pay all or part of costs to these persons</p>
Billing	<p>Orange County: residential Services only, annual billing process Town: Must continue to bill for dumpster collections, extra yard pickups, bulk waste, etc. Town will have to bill for second rollout as well</p> <p>Orange County will need to collect on Town's behalf – collect in same manner as property taxes</p>	<p>Monthly billing Town: Must continue to bill for dumpster collections, extra yard pickups, bulk waste, etc</p> <p>OWASA will not collect delinquent accounts on Town's behalf (ie, cut off water service)</p>	<p>Quarterly billing is done on commercial dumpsters Special pickups (bulk waste, yard waste, etc.) – on-demand No in-house capability exists to bill residential services</p> <p>Need to decide if want to adopt an ordinance to collect solid waste fees in same manner as property taxes.</p>	<p>Depends on specifications No in-house capability exists to bill residential services</p> <p>Need to decide if want to adopt an ordinance to collect solid waste fees in same manner as property taxes – if so, cannot outsource certain aspects of collections w/exception of debt setoff program</p>
Collections	<p>Will need to change town ordinance to enable town to make tenants responsible for solid waste receptacles vs. owners. Can have OWASA produce an aging A/R report and Town can choose to collect or contract with Orange County If bill tenants, collections enforcements become more difficult and perhaps administratively unfeasible</p>	<p>Will need to decide whether to make tenants or property owners responsible for solid waste receptacles.</p> <p>Need to consider whether to contract with Orange County to collect delinquent debt on our behalf. If not, need to develop in-house collection procedures/policies</p>		

Components of Analysis	ORANGE COUNTY	OWASA	IN-HOUSE	OUTSOURCED BILLING AND COLLECTIONS
Who is Billed?	Households – bill property owners/location	OWASA customers – tenants and property owners Some in-town residents who have septic systems will not be assessed solid waste fee by OWASA	Businesses and Residential Households	Bill by Town's assessment data – homeowners/businesses who use rollouts and dumpster collection users
Rate Structure (Flat/Variable)	Variable fee based on 1 rollout cart Town would bill for second rollout	Variable fee based on # rollout carts	Variable fee based on # rollout carts	Variable fee based on # rollout carts
	Note: town attorney says Town cannot bill for availability of yard waste or other solid waste services because we do not own the disposal facility.	Note: town attorney says Town cannot bill for availability of yard waste or other solid waste services because we do not own the disposal facility.	Note: town attorney says Town cannot bill for availability of yard waste or other solid waste services because we do not own the disposal facility.	Note: town attorney says Town cannot bill for availability of yard waste or other solid waste services because we do not own the disposal facility.