

Solid Waste Rate Study



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Executive Summary

This study examines the expenditures and revenues of the City of North Port Solid Waste District to determine if the current rates and fees are adequate to meet the District's needs over the next five years. In general, solid waste rates and fees are sufficient to meet the revenue requirement. There is, however, a need to adjust some of the fees to address equity and customer understanding. The recommended changes are:

- Simplify the Special Collection Fees
- Add Event garbage and recycling service rates
- Call out Construction and Demolition rate
- Adjust commercial roll-off and temporary dumpster rates

Introduction

The City of North Port Solid Waste Division, which is part of the Public Works Department, is responsible for providing residential and commercial solid waste collection. The City of North Port Solid Waste District (District) was created pursuant to Florida Statute Chapter 189. The District was established through Chapter 66 of the City Code of Ordinances (City Code) to provide solid waste management service to North Port residents including collection, transportation, storage and disposal. It is governed by the City of North Port Commission and regulated by the City through Chapter 62 of the City Code. The City of North Port Solid Waste District is wholly situated within the corporate limits of the City of North Port, Florida.

District funding is provided through residential non-ad valorem assessments and commercial fees. For residential funding, a special assessment on all real property is approved through a resolution and collected annually. Commercial fees, which are billed monthly, are based on type and level of service.

Solid waste rates should reflect current and near future costs of providing service to ensure adequate financial resources. In setting rates, a number of factors are taken under consideration.

- Revenue Requirement: Solid waste rates should be sufficient to meet the revenue requirement.
- Customer Payment of Cost of Service: Each customer class should generate sufficient revenue to cover both indirect and direct costs of service to the customer over time.
- Equity: Rates should reflect a fair apportionment of the different costs of providing service among groups of customers.
- Conservation: The rate structures should encourage waste reduction and recycling activities.
- Rate Stability: Rate levels and structures should be changed in an orderly manner over time.
- Customer Understanding: The rate structures should be clear and understandable to the customer.
- Financial Stability: Revenue recovery from rates and other revenue sources should ensure financial stability, consistent with financial policies of the City.
- System and Administrative Costs: The rate structures should minimize short and long-term administrative costs.

This rate study evaluates the District's cost of providing service and recommends rates that fully recover these costs. Fiscal year 2012 estimated expense and cost data are utilized as the base year with projections for fiscal years 2013 through 2016.

Solid Waste Service and Performance

The Solid Waste Division strives to ensure the safety and health of North Port citizens through the proper and efficient collection and disposal of solid waste. Collection and disposal services are regulated by the City through Chapter 62 of the City Code. The District provides all solid waste collection services utilizing in-house personnel and resources.

3.1 Residential

Residential living units are defined as any place of abode or shelter suitable for, and used as, the residence for a single family, including dwelling units within single-family dwellings, manufactured home dwellings, two-family dwellings and multiple-family dwellings, but not including hotels, motels, businesses and other institutions.

The base level of residential service in the City of North Port includes:

- Weekly collection of solid waste in one 95-gallon automated garbage container
- Weekly collection of unlimited amounts of acceptable recyclable materials in bins
- Weekly collection of unlimited amounts of yard waste in 34-gallon containers, paper bags or tied bundles
- Two bulk collections per fiscal year, limited to five cubic yards each

When a residential unit receives a certificate of occupancy, a \$100 service initiation fee is assessed to recover the costs of providing containers.

The District provides special solid waste collection service for residents with physical disabilities.

3.1.1 Garbage

Garbage is collected weekly from City-issued automated garbage containers (AGC) placed curbside. Citizens who need more than one AGC can lease additional containers for a one-time fee of \$100 per AGC and pay an annual disposal fee of \$60, pro-rated at \$5 per month, per AGC.

For material that does not fit into an AGC, bulk collections are available. After the base service of two bulk collections, additional bulk collections are available for \$12 per cubic yard.

Garbage is disposed at Sarasota County's landfill located approximately 21 miles northwest of the City. In 2010, the amount of residential garbage disposed per household averaged 1,867 pounds.

EXHIBIT 3-1
Special Collections

	2008	2009	2010	2011 est.
Number of bulk collections	7,046	7,544	8,700	9,353
Number of additional AGC's	2,122	579	488	341

3.1.2 Recycling

The City of North Port accepts paper, paperboard and cardboard in one recycling bin and commingled material (glass bottles, cans, and numbers 1, 2, 3, 4, 5 and 7 plastics) in a second recycling bin for curbside recycling collection. Used motor oil, batteries and cell phones are also accepted when placed next to the recycling bins. Citizens can utilize as many recycling bins as needed for recyclables at no additional cost.

Appliances and electronics are collected through the bulk collection program. The first two bulk pick ups are part of the base service and additional bulk pick ups are available for a fee.

Paper and commingled recyclable material is taken to Sarasota County's Jackson Road Transfer Station located approximately 10 miles west of the City. Appliances are taken to a local recycler and electronics are recycled through a contractor who provides an on-site transport container.

The amount of solid waste recycled has steadily increased over the years as shown in the following table:

EXHIBIT 3-2
Recycled Material Tonnage

	2007	2008	2009	2010	2011 est.
Tons of material recycled	3,781	4,119	4,412	4,730	5,033

3.1.3 Yard Waste

Yard waste in standard garbage cans (non-City issued), paper bags or tied bundles is collected curbside on the same day as garbage and recycling. There is no limit for material that is properly prepared. If a citizen does not wish to prepare yard waste for weekly collection, they can utilize the bulk collection program.

EXHIBIT 3-3
Yard Waste Material Tonnage

	2007	2008	2009	2010	2011 est.
Tons of yard waste recycled	1,795	1,542	1,356	1,534	1,940

The amount of yard waste collected is relatively steady. One significant factor that influences the amount of yard waste received is weather. The amount of rain influences plant growth, with significant rainfall causing extensive plant debris. Winters with hard freezes kill many plants which result in increased tonnage when citizens remove them.

Yard waste is disposed at a local chipping and mulching company which composts the material and uses the compost on-site. The City works with Sarasota County to deliver compost from the County's landfill to Butler Park for citizens to obtain free of charge.

3.2 Commercial

The District has exclusive authority to collect all acceptable waste generated in the City. Upon commencement, about twenty (20) commercial establishments were allowed to contract with private haulers since the District could not provide the requested solid waste service. On October 1, 2013, the District will take over solid waste collection from these grandfathered haulers.

Commercial customers are defined to include, but not limited to, manufacturers, wholesale and retail establishments, home businesses, restaurants, shopping centers, campgrounds, nontaxable churches and related establishments, hospitals, hotels and motels, bunkhouses, ranger stations, crew quarters, recreational vehicle parks and day-use recreation areas, retirement and nursing homes, assisted-living facilities, licensed child-care facilities, and all other places not classified as residential which produce or accumulate solid waste and maintain centralized locations for garbage bins or containers. When a building is zoned commercial and is devoted to mixed commercial and residential space, the solid waste collection rates are based on commercial rates for any or all units.

3.2.1 Garbage

Commercial garbage collection frequency is set at a minimum of once per week and is offered up to five times per week for dumpsters and roll-offs. Businesses can choose from City-issued: 32, 68 and 95-gallon totes; 2, 4, 6, and 8-yard dumpsters and 10, 20, 30, and 40-yard roll-offs. Business-owned front-load and roll-off compactors are also serviced from one to five times per week.

In addition to scheduled weekly collection, businesses and residents may rent temporary dumpsters and roll-off containers for one to sixty days.

EXHIBIT 3-4
Commercial Garbage Service

	2008	2009	2010	2011 est.
Number of businesses	214	227	236	252
Tons garbage collected	Not available	3,612	3,600	3,911

3.2.2 Recycling

Recycling is mandatory but per Florida Statute 403.746, the District may not require a commercial establishment that generates source-separated recovered materials to convey its recovered materials to the District. Nor can the District restrict the generator's right to sell or otherwise convey recovered materials to any properly certified recovered materials dealer. The District offers recycling of material acceptable in the curbside recycling program and cardboard in competition with private haulers. Below are the numbers of North Port business that subscribe to City recycling service.

EXHIBIT 3-5
Commercial Recycling Service

	2008	2009	2010	2011 est.
Number of businesses on City recycling service	25	45	67	81

For traditional recyclable materials, businesses can choose from City-issued 18-gallon bins or 95-gallon totes with possible collection frequencies of once per week, every other week, once per month or on-call. Cardboard collection is offered in City-issued 2, 4, 6 and 8-yard dumpsters with collection frequency from one to five times per week, every other week, once per month or on-call.

3.2.3 Yard Waste

Businesses can subscribe to commercial yard waste service with a frequency of once per week, every other week, once per month or on-call for material in standard garbage cans (non-City issued), paper bags or tied bundles.

Temporary dumpsters and roll-off containers may also be rented for yard waste collection by both businesses and residents for one to sixty days.

Current Rates

4.1 Residential Assessment

The city collects revenue from residential customers by use of the Uniform Method as provided by Chapter 197, Florida Statutes, which allows the City to bill through annual non ad-valorem assessments. The existing annual rate for base residential service is \$267.00, adopted by the City of North Port Commission pursuant to Resolution No. 2010-R-34 on September 9, 2010.

New residential units (new development) must pay a prorated solid waste fee at the time a Certificate of Occupancy (CO) is received. This allows the District to recover the costs of providing service for the remainder of the fiscal year and until the property can be placed on the tax roll for billing the special assessment.

4.2 Commercial Rates

Commercial accounts are billed for solid waste collection and disposal service on a monthly basis predicated upon the type and level of service. Commercial rates are established by ordinance. The current rates were adopted by Ordinance No. 08-30 on June 9, 2008.

EXHIBIT 4-1
Commercial Rates

RECYCLING	Monthly Charge		
Bins			
Collected once per week	\$7.28		
Collected every other wk	\$3.64		
Collected once per month	\$1.82		
On-call	\$2.25/collection		
95-gallon AGC	First container	All additional containers (each)	
Collected once per week	\$28.02	\$18.69	
Collected every other wk	\$14.01	\$9.35	
Collected once per month	\$7.00	\$4.67	
On-call	\$8.06/collection	\$5.37/collection	
YARD WASTE	Monthly Charge		
Two standard garbage cans			
Collected once per week	\$7.28		
Collected every other wk	\$3.64		
Collected once per month	\$1.82		
On-call	\$2.25/collection		

Dumpsters	4 yard	6 yard		
1 collection per week	\$117.50	\$145.50		
2 collections per week	\$235.00	\$291.00		
3 collections per week	\$352.50	\$436.50		
4 collections per week	\$470.00	\$582.00		
5 collections per week	\$587.50	\$727.50		
On-call/extra pickup	\$35.00	\$45.00		
Collected every other week	\$58.75	\$72.75		
Collected once per month	\$29.38	\$36.38		
CARDBOARD	Monthly Charge			
Dumpsters	2 yard	4 yard	6 yard	8 yard
1 collection per week	\$55.00	\$78.38	\$100.37	\$122.38
2 collections per week	\$106.57	\$150.56	\$193.19	\$244.75
3 collections per week	\$157.44	\$222.75	\$286.69	\$367.13
4 collections per week	\$209.00	\$294.94	\$379.50	\$489.50
5 collections per week	\$259.88	\$367.13	\$473.00	\$611.88
On-call/extra pickup	\$15.81	\$22.53	\$28.86	\$35.18
Collected every other week	\$27.50	\$39.19	\$50.19	\$61.19
Collected once per month	\$13.75	\$19.60	\$25.10	\$30.60
GARBAGE	Monthly Charge			
32-gallon AGC – collected once per week	\$24.00			
68-gallon AGC – collected once per week	\$36.00			
95-gallon AGC – collected once per week	\$48.00			
All additional AGC's (each)	\$24.00			
Dumpsters, non-compacted	2 yard	4 yard	6 yard	8 yard
1 collection per week	\$110.00	\$156.80	\$200.80	\$244.80
2 collections per week	\$213.10	\$301.10	\$386.40	\$489.50
3 collections per week	\$314.90	\$445.50	\$573.40	\$734.30
4 collections per week	\$418.00	\$589.90	\$759.00	\$979.00
5 collections per week	\$519.80	\$734.30	\$946.00	\$1,223.80
Extra Pick up	\$27.50	\$39.20	\$50.20	\$61.20
Dumpsters, compacted	2 yard	4 yard	6 yard	
1 collection per week	\$220.00	\$313.60	\$401.60	
2 collections per week	\$426.20	\$602.20	\$772.80	
3 collections per week	\$629.80	\$891.00	\$1,146.80	
4 collections per week	\$836.00	\$1,179.80	\$1,518.00	
5 collections per week	\$1,039.60	\$1,468.60	\$1,892.00	
Extra Pick up	\$55.00	\$78.40	\$100.40	

Temporary Dumpsters				
Delivery Charge - \$25.00				
Daily rental \$2.05				
	2 yard	4 yard	6 yard	8 yard
Disposal Fee	\$27.50	\$39.20	\$50.20	\$61.20
Commercial Roll-offs				
	Daily Rental	Pull Charge	Tipping Fee	
10, 20, 30 & 40 yard (City issued)	\$4.10	\$137.50 per pull	Actual scale fee	
Compacted (non-city issued)		\$150.00 per pull	Actual scale fee	
ADDITIONAL CHARGES				
Change in service	\$25.00			
Return Trip	\$25.00			
Overloaded container	\$25.00 per cubic yard, minimum fee 1 cubic yard			
Dumpster lockbar	\$80.00 installation fee			
On-site labor	\$25.00 per 15-minute increments, minimum charge of \$25.00			
Overweight container	\$100.00			
Pressure washing	\$50.00			
Pull-out	\$25.00			
Open gate/unlock/prep container	\$10.00			

4.3 Special Collection Fees

Appliances, electronics and items too big to fit in an AGC are collected through the bulk collection program. If a citizen has already utilized their two free bulk collections, the fees below apply. The lease and disposal cost for an additional AGC picked up weekly is also reflected in the Special Collection Fee schedule:

EXHIBIT 4-2
Special Collection Fees

Refrigerator	\$15.00	Freezer	\$15.00
Window A/C Unit	\$15.00	Water Cooler/Fountain	\$15.00
Heat Pump	\$15.00	Heater/Furnace Unit	\$15.00
Dryer	\$10.00	Washer	\$10.00
Dishwasher	\$10.00	Stove (w/built in oven)	\$10.00
Water Heater	\$10.00	Stove Top (drop in type)	\$10.00
Microwaves – all sizes	\$10.00	Range Hood	\$10.00
Water Conditioner Tank	\$10.00	Trash Compactor	\$10.00
Computers (1 tower, 1 monitor, 1 keyboard)	\$15.00	Monitor (any size)	\$10.00
Computer (towers only)	\$10.00	Printers	\$10.00
Televisions – console	\$15.00	Fax Machines	\$10.00

Televisions – table top under 32"	\$10.00		All-in-One Machines	\$10.00
Television – table top over 32"	\$15.00		Scanners	\$10.00
Television – projection	\$15.00		Copiers – unable to accept	
Piano or Small Organ	\$15.00		Treadmill	\$10.00
Toilet	\$5.00		Sink	\$5.00
Bathtub	\$10.00		Mowers	\$10.00
Trampoline	\$10.00		Solar Panels	\$10.00
Television Antenna	\$15.00		Satellite Dish	\$15.00
Construction and Remodeling Debris		\$12.00 per cubic yard		
Carpet (larger than 8' x 10' room)		\$12.00 per cubic yard		
Move-out Debris		\$12.00 per cubic yard		
Excess Yard Debris		\$12.00 per cubic yard		
Fencing (no longer than 4' long)		\$12.00 per cubic yard		
Excess Garbage Bags		\$2.50 each		
Additional Automated Garbage Container		\$100.00 each		
Additional AGC annual collection		\$60.00		

Demand Analysis

5.1 Introduction

A demand analysis is the first step of the rate-setting process. From it, estimates of customer counts and tons needed for the revenue requirement, cost allocation and rate recommendation portions of the rate study are derived. Demand analysis includes:

1. Estimating the number of customers in each rate class.
2. Forecasting the number of tons generated.

5.2 Customer Estimates

The number of customers is important for determining the revenue requirement, allocating costs and designing rates. Residential data is based on the City of North Port Comprehensive Plan population projection and data from the 2010 US Census. Increases for fiscal year 2014 include the addition of 20 businesses and two apartment complexes that will move from private to City services.

EXHIBIT 5-1
Customer Estimates

	2012	2013	2014	2015	2016
Residential units	27,438	28,146	29,056	29,968	30,807
Commercial customers	266	281	311	326	341

5.3 Tonnage Estimates

Tonnage estimates are used to calculate the cost of collecting, processing and disposing of waste and recyclable materials. They are also used (along with other factors) to allocate costs to the different classes to calculate the rates. Residential tonnages are based on the number of residential units, occupancy rate and annual generation rate. Commercial tonnages are based on the number of customers and the annual generation rate. The projections anticipate a growth in the economy and an increase in the amount and type of materials that can be recycled. It is anticipated that total commercial waste generation will increase but with concerted recycling efforts, the annual commercial garbage generation rate will go down in 2013.

EXHIBIT 5-2
Tonnage Estimates

	2012	2013	2014	2015	2016
Residential occupancy rate	89%	89%	90%	91%	92%
Residential unit garbage annual generation rate	0.85 tons	0.85 tons	0.86 tons	0.86 tons	0.86 tons
Projected residential garbage yearly tonnage	20,757	21,293	22,489	23,453	24,374
Residential unit recycling annual generation rate	0.25 tons	0.25 tons	0.26 tons	0.27 tons	0.28 tons
Projected residential recycling yearly tonnage	6,105	6,263	6,799	7,363	7,936
Residential unit yard waste annual generation rate	0.12 tons	0.12 tons	0.15 tons	0.15 tons	0.15 tons
Projected residential yard waste yearly tonnage	2,930	3,006	3,923	4,091	4,251
Commercial garbage annual generation rate	18.42 tons	15.14 tons	15.14 tons	15.14 tons	15.14 tons
Projected commercial garbage yearly tonnage	4,900	4,254	4,709	4,936	5,163

Revenue Requirement

6.1 Introduction

In developing rates, the revenue requirement is the basis for determining how much revenue the resultant rates must generate. The two primary cost components that drive revenue requirements are:

- Operations and Maintenance (O&M) cost for solid waste collection.
- Capital cost for new and replacement vehicles and equipment.

In addition to capital and O&M costs, the Solid Waste District maintains an emergency fund balance. The purpose of the emergency fund balance is to have sufficient cash on hand to pay added emergency response expenses that are significantly above normal operational costs. It is presently set at 20% of the operating budget which is \$1,285,810 for 2012.

The revenue requirement is the minimum amount of operating revenue required to cover the operational and capital costs plus the financial requirements of the emergency fund, offset by any available revenue generated through non-rate means.

6.2 Operations and Maintenance Expenses

Fiscal year 2012 estimated expense and cost data are utilized as the base year for projection purposes. In development of the projected revenue requirements of the study period, fiscal years 2013 through 2016, certain assumptions and considerations were required. A summary of these is presented on Appendix A.

6.2.1 Personnel & Benefits

As mentioned previously, the District will add 20 businesses and two apartment complexes in fiscal year 2014. Personnel additions for this growth include two equipment operators budgeted for one-quarter of fiscal year 2013 to allow hiring three months before service is needed. Additions for growth and program enhancements are also reflected below. Personnel expenses are based on new positions recognized and anticipated salaries and benefits for the personnel classifications. Amounts are adjusted annually for inflationary allowances.

EXHIBIT 6-1
Personnel Additions and Costs

	2012	2013	2014	2015	2016
Equipment Operators					
Number of positions	0	2	0	1	1
Cumulative additional expense		\$16,838	\$69,371	\$105,127	\$141,955
Recycling Coordinator					
Number of positions	0	0	1	0	0
Cumulative additional expense			\$46,421	\$47,813	\$49,249
Customer Service Representative					
Number of positions	0	0	0	1	0
Cumulative additional expense				\$26,807	\$27,611
Total position adjustment	0	2	1	1	1
Cumulative new personnel	0	2	3	4	5
Total additional personnel costs	\$0	\$16,838	\$115,792	\$179,747	\$218,815

Wages and salaries and associated benefits were increased annually by 3.0% to account for increases due to cost of living adjustments and merit raises which would be applied to the employee base serving the District. The costs of health and life insurance were assumed to increase by 10%.

6.2.2 Tipping Fees

The current tipping fees are as follows:

- Garbage \$48.34 per ton
- Recycling \$7.53 per ton
- Yard Waste \$7.00 per cubic yard (estimated at 350 lbs per cubic yard)

The above fees have stayed consistent over the last three years and it is anticipated that they will continue to remain unchanged for the study period.

EXHIBIT 6-2
Tipping Fee Estimates

	2012	2013	2014	2015	2016
Projected residential garbage yearly tonnage	20,757	21,293	22,489	23,453	24,374
Projected garbage tipping fees	\$1,003,393	\$1,029,304	\$1,087,118	\$1,133,718	\$1,178,239
Projected residential recycling yearly tonnage	6,105	6,263	6,799	7,363	7,936
Projected recycling tipping fees	\$45,971	\$47,160	\$51,196	\$55,443	\$59,758

EXHIBIT 6-2
Tipping Fee Estimates

	2012	2013	2014	2015	2016
Projected residential yard waste yearly tonnage	2,930	3,006	3,923	4,091	4,251
Projected yard waste tipping fees	\$117,200	\$120,240	\$156,920	\$163,640	\$170,040
Projected commercial garbage yearly tonnage	4,900	4,254	4,709	4,936	5,163
Projected commercial garbage tipping fees	\$236,866	\$205,638	\$227,633	\$238,606	\$249,579
Total Projected Tipping Fees	\$1,403,430	\$1,402,342	\$1,522,867	\$1,591,407	\$1,657,616

6.2.3 Other Assumptions

- Diesel fuel cost increases were based on the U.S. Energy Information Administration's *Annual Energy Outlook 2011*.
- Lease purchase debt reflected is actual payments with the last payment scheduled for February 2015 and no capital lease purchasing anticipated over the study period.
- All other operating expenses were escalated based on the Consumer Price Index projection contained in the U.S. Congressional Budget Office's *The Budget and Economic Outlook: Fiscal Years 2011 to 2021*.

6.3 Capital Fund and Expenditures

6.3.1 Capital Equipment Schedule

The District's capital equipment schedule includes new and replacement vehicles necessary for collections and operations. Fiscal years 2013-2016 capital costs for each vehicle were based on 2012 amounts, escalated by 3.00% annually. Appendix B reflects the assumed capital expenditure requirements and associated funding sources and is summarized below.

EXHIBIT 6-3
Summarized Capital Equipment Schedule

	2012	2013	2014	2015	2016
Estimated capital expenditure	\$648,000	\$2,829,057	\$2,439,277	\$633,309	\$2,023,424
Anticipated capital funding sources					
Surtax III	\$211,393	\$215,036	\$218,490	\$221,774	\$224,847
Capital Acquisition Fund		\$1,030,431	\$241,533		
District revenues	\$436,607	\$1,583,590	\$1,979,254	\$411,535	\$1,798,577
Total Capital Funding	\$648,000	\$2,828,057	\$2,439,277	\$633,309	\$2,023,424

6.3.2 Capital Acquisition Fund

A capital acquisition fund will be established in FY2012 with a transfer from the District's fund balance of \$3,256,338. Change in Capital Acquisition Fund balance over the study period is reflected below.

EXHIBIT 6-4
Capital Acquisition Fund Balance

	2012	2013	2014	2015	2016
Beginning Balance	\$3,256,338	\$3,256,338	\$2,225,907	\$1,984,374	\$3,808,668
Use of funds	0	\$1,030,431	\$241,533	0	0
Additions to fund	0	0		\$1,824,294	\$563,900
Ending Balance	\$3,256,338	\$2,225,907	\$1,984,374	\$3,808,668	\$4,372,568

6.3.3 Infrastructure Surtax (Surtax III) Funds

The City receives sales surtax revenues, reflected in this study as Surtax III funds, which can be expended to finance, plan and construct infrastructure. Through the Capital Improvement Program, Surtax III funds have been designated for Solid Waste equipment and vehicle purchases as follows:

EXHIBIT 6-5
Surtax III Funds

	2012	2013	2014	2015	2016
Surtax III Funds	\$211,393	\$215,036	\$218,490	\$221,774	\$224,847

6.4 Summary of District Revenue Requirements

EXHIBIT 6-6
District Revenue Requirements

	2012	2013	2014	2015	2016
<i>EXPENSES</i>					
Personnel	\$2,029,691	\$2,122,484	\$2,301,151	\$2,448,912	\$2,576,171
Professional Services	\$21,297	\$21,744	\$22,201	\$22,667	\$23,143
Disposal Fees	\$1,403,437	\$1,402,342	\$1,522,867	\$1,591,407	\$1,657,616
Repair & Maint Services	\$1,006,636	\$1,027,776	\$1,049,359	\$1,071,396	\$1,093,895
Other Current Charges	\$567,309	\$579,222	\$591,386	\$603,805	\$616,485
Operating Supplies	\$895,029	\$919,295	\$944,622	\$970,996	\$998,883
Capital Equipment	\$436,607	\$2,614,021	\$2,220,787	\$411,535	\$1,798,577
Debt Service	\$505,638	\$505,638	\$372,916	\$120,098	\$0
Interfund Transfer	\$3,756,338*	\$0	\$0	\$1,824,294	\$563,900
TOTAL	\$10,621,982	\$9,192,522	\$9,025,289	\$9,065,110	\$9,328,670
*includes \$500,000 transfer to Maintenance Facility Fund					

Rate Recovery

7.1 Revenue Forecast

As with costs, fiscal year 2012 estimated revenues are utilized as the base year for forecasting purposes and reflect current rates. Fiscal years 2013 through 2016 revenues are also based on current rates and utilize the assumptions presented on Appendix A with the following considerations:

- Solid Waste Assessment revenues are based on customer estimates reflected in Section 5.
- Commercial Collection revenue is escalated 3% each year with year 2014 also reflecting the addition of 20 businesses as discussed in Section 5.
- Application of Fund Balance is determined by Capital Equipment purchasing needs.

EXHIBIT 7-1
District Revenue Forecast

	2012	2013	2014	2015	2016
<i>REVENUES</i>					
Commercial Collection	\$765,000	\$787,950	\$1,168,864	\$1,203,929	\$1,240,047
Solid Waste Assessments	\$6,945,486	\$7,274,503	\$7,509,698	\$7,745,409	\$7,962,254
Special Pickups	\$7,500	\$7,650	\$7,803	\$7,959	\$8,118
Trash Container Rental	\$700	\$707	\$713	\$722	\$728
Recycling Sales - Scrap	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Service Initiation Fees	\$6,000	\$6,300	\$6,615	\$6,946	\$7,293
Other Charges for Service	\$7,800	\$7,878	\$7,957	\$8,036	\$8,117
Solid Waste DRC Fees	\$100	\$103	\$106	\$109	\$113
Prop Stand Abate Fees	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Misc. Rev-Payments Rec'd	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Interest Earnings	\$50,000	\$65,000	\$70,000	\$80,000	\$90,000
Dispose of Fixed Assets	\$500	\$500	\$500	\$500	\$500
Application of Fund Balance	\$2,827,369	\$1,030,431	\$241,533	\$0	\$0
TOTAL	\$10,621,982	\$9,192,522	\$9,025,289	\$9,065,110	\$9,328,670
Revenue Requirement	\$10,621,982	\$9,192,522	\$9,025,289	\$9,065,110	\$9,328,670

Cost of Service

8.1 Introduction

The District's services are divided between residential and commercial, both described in Section 3. To determine the costs for each service, there is a need to allocate the revenue requirement between them. This cost allocation provides an estimate of the true cost of servicing each customer class and aids in the overall rate design process.

8.2 Allocated Costs

Cost allocations for residential service and commercial service were assigned to each expense as follows:

- Tonnages –actual distribution of tons collected.
- Direct Assignment – costs are specific to one customer class, used for Repair & Maintenance Services, Capital Equipment and Debt Service.
- Management Estimated – estimates of time spent serving each customer class are used for Personnel and estimates of fund balance contributions are used for Interfund Transfer.
- Proportional Assignment – costs assigned in proportion to the sum of other allocated costs, used in Professional Service, Other Current Charges and Operating Supplies.

EXHIBIT 8-1
Cost Allocation

	Budget	Allocation percent		Allocated Cost	
		2012	Residential	Commercial	Residential
<i>REVENUES</i>					
Commercial Collection	\$765,000		100%		\$765,000
Solid Waste Assessments	\$6,945,486	100%		\$6,945,486	
Special Pickups	\$7,500	100%		\$7,500	
Trash Container Rental	\$700	100%		\$700	
Recycling Sales - Scrap	\$5,000	50%	50%	\$2,500	\$2,500
Service Initiation Fees	\$6,000	100%		\$6,000	
Other Charges for Service	\$7,800	100%		\$7,800	
Solid Waste DRC Fees	\$100	10%	90%	\$10	\$90
Prop Stand Abate Fees	\$4,500	100%		\$4,500	
Misc. Rev-Pmts Rec'd	\$2,000		100%		\$2,000
Interest Earnings	\$50,000	90%	10%	\$45,000	\$5,000

EXHIBIT 8-1
Cost Allocation

Dispose of Fixed Assets	\$500	90%	10%	\$450	\$50
Application of Fund Balance	\$2,827,396	95%	5%	\$2,686,026	\$141,370
TOTAL	\$10,621,982			\$9,705,972	\$916,010
<i>EXPENSES</i>					
Personnel	\$2,029,691	89.74%	10.26%	\$1,821,445	\$208,246
Professional Services	\$21,297	89.74%	10.26%	\$19,112	\$2,185
Disposal Fees	\$1,403,437	83.31%	16.69%	\$1,169,203	\$234,234
Repair & Maint Services	\$1,006,636	93.89%	6.11%	\$945,131	\$61,505
Other Current Charges	\$567,309	89.74%	10.26%	\$509,103	\$58,206
Operating Supplies	\$895,029	88.10%	11.90%	\$788,521	\$106,508
Capital Equipment	\$436,607	89.97%	10.03%	\$392,815	\$43,792
Debt Service	\$505,638	89.97%	10.03%	\$454,923	\$50,715
Interfund Transfer	\$3,756,338	95%	5%	\$3,568,521	\$187,817
TOTAL	\$10,621,982			\$9,668,773	\$953,209
Revenue Surplus/(Deficiency)				\$37,199	(\$37,199)

8.3 Summary

As Exhibit 8-1 indicates, the residential class is slightly subsidizing the operations of the commercial class. To reflect a fair cost apportionment of providing service, the commercial service rates need to be adjusted.

Recommendation

9.1 Introduction

Overall the current rates are sufficient to meet the revenue requirement for the study period. Following are a few adjustments that are recommended to address the factors presented in Section 2.

9.2 Residential Rate Recommendation

The current Solid Waste District assessment rate is adequate to cover costs of base service and the District's financial requirements. Charging additional for garbage generated in excess of the base service encourages waste reduction and recycling, however, the Special Collection Fee Schedule is not clear and understandable. A fee is called out for appliances, electronics and some bulk items and there is an overall cubic yard rate. Following is a simple, clear Special Collection Fee schedule:

EXHIBIT 9-1
Recommended Special Collection Fees

Bulk Collection	\$15.00 per cubic yard
Additional Automated Garbage Container	\$100.00 each
Additional AGC annual collection	\$60.00

9.3 Commercial Rate Recommendation

As reflected in Section 8.3, the commercial rates should be adjusted to reflect a fair cost apportionment of providing service. Reviewing the services provided and the cost of these services, the following changes to the rate structure are proposed:

- For better customer understanding, designate Event garbage and recycling services and costs:

EXHIBIT 9-2
Recommended Event Rates

Container Delivery	\$25.00/trip
Recycling Containers	\$2.00/container
Garbage Totes	\$3.00/container

- To adequately cover the cost of service for construction and demolition material, the following addition is recommended:

EXHIBIT 9-3
Recommended C&D Rates

Temporary rental of dumpster				
Disposal – C&D	2 yard - \$31.63	4 yard - \$45.08	6 yard - \$57.73	8 yard - \$70.38
Roll-off Service , Charge per dump for C&D				
Container Size	Daily Rent	Charge per dump		
10 yd	\$4.10	\$241.50		
20 yd	\$4.10	\$283.48		

- To sufficiently recover service costs, commercial roll-off and temporary dumpster rates need to be increased as follows:

EXHIBIT 9-4
Recommended Commercial Rates

	Current Rate	Recommended Rate
Permanent Containers		
Non-compacted roll-offs		
Daily Rent	\$4.10	\$4.10
Pull Charge	\$137.50 per pull	\$158.13 per pull
Compacted roll-offs		
Daily Rent	\$4.10	\$4.10
Pull Charge	\$150.00 per pull	\$172.50 per pull
Temporary Containers		
Garbage		
2-yard	\$27.50	\$30.25
4-yard	\$39.20	\$43.12
6-yard	\$50.20	\$55.22
8-yard	\$61.20	\$67.32
Yard Waste		
2-yard	\$14.00	\$15.40
4-yard	\$28.00	\$30.80
6-yard	\$42.00	\$46.20
8-yard	\$56.00	\$61.60

Assumptions

<i>Calculated Revenues & Revenue Escalators</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Commercial Collection	\$787,950	\$1,168,864	\$1,203,929	\$1,240,047
Solid Waste Assessments	\$7,274,503	\$7,509,698	\$7,745,409	\$7,962,254
Special Pickups	2%	2%	2%	2%
Trash Container Rental	1%	1%	1%	1%
Recycling Sales - Scrap	0%	0%	0%	0%
Service Initiation Fees	5%	5%	5%	5%
Other Charges for Service	1%	1%	1%	1%
Solid Waste DRC Fees	3%	3%	3%	3%
Prop Stand Abatement Fees	0%	0%	0%	0%
Misc. Rev-Payments Rec'd	0%	0%	0%	0%
Interest Earnings	\$65,000	\$70,000	\$80,000	\$90,000
Dispose of Fixed Assets	0%	0%	0%	0%
Non-operating Source/other-App Fund Balance	\$1,030,431	\$241,533	\$0	\$0
<i>Calculated Costs & Cost Escalators</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Operating Expenses:				
Personnel Expenses:				
Personnel Adjustments	\$67,350	\$115,792	\$179,747	\$218,815
Health & Life Insurance	10%	10%	10%	10%
All Other Personnel Exp	3%	3%	3%	3%
O&M Expenses:				
Professional Services ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Contractual Service ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Tipping Fees	\$1,402,342	\$1,522,867	\$1,591,407	\$1,657,616
Travel & Per Diem ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Comm Services ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Freight & Postal Serv ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Utility Service ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Insurance ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Repair & Maint Services ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Printing & Binding ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Promotional Activities ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Other Current Charges ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Office Supplies ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Other Operat Supplies ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Gasoline ⁽²⁾	2.97%	3.03%	3.08%	3.19%
Uniforms ⁽¹⁾	2.1%	2.1%	2.1%	2.1%

Minor Operating Equip ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Books, Publ, Subscrip ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Training & Education ⁽¹⁾	2.1%	2.1%	2.1%	2.1%
Capital Outlay	\$2,614,021	\$2,220,787	\$411,535	\$1,798,577
Debt Service	\$505,638	\$372,916	\$120,098	\$0
Interfund Transfer	\$0	\$0	\$1,824,294	\$563,900

(1) CPI

(2) U.S. Energy Information Administration's Annual Energy Outlook 2011

APPENDIX B

Capital Equipment Schedule & Funding

	2012	2013	2014	2015	2016
Replace Recycling Truck	\$295,000				
Replace 5 Curotto Cans	\$115,000				
New Claw Truck	\$215,000				
New Curotto Can	\$23,000				
Replace 7 Garbage Trucks		\$2,033,220			
2 New Garbage Trucks		\$580,920			
1 New Curotto Can		\$23,690			
1 New Rolloff Truck		\$191,227			
Replace 2 Claw Trucks			\$456,188		
Replace 5 Curotto Cans			\$126,000		
Replace 5 Recycling Trucks			\$1,547,575		
1 New Recycling Truck			\$309,514		
Replace 2 Pickups				\$57,000	
Replace Pickup with liftgate				\$55,000	
New Pickup with liftgate				\$55,000	
New Pickup				\$28,500	
New Rolloff Truck				\$202,873	
New Claw Truck				\$234,936	
Replace 4 Garbage Trucks					\$1,269,572
Replace 5 Curotto Cans					\$133,675
2 New Garbage Trucks					\$566,707
2 New Curotto Cans					\$53,470
REPLACEMENT TOTAL	\$410,000	\$2,033,220	\$2,129,763	\$112,000	\$1,403,247
NEW TOTAL	\$238,000	\$795,837	\$309,514	\$521,309	\$620,177
ALL TOTAL	\$648,000	\$2,829,057	\$2,439,277	\$633,309	\$2,023,424
ANTICIPATED FUNDING	2012	2013	2014	2015	2016
Surtax 111	\$211,393	\$215,036	\$218,490	\$221,774	\$224,847
Capital Acquisition Fund		\$1,030,406	\$241,533		
District Revenues	\$436,607	\$1,583,615	\$1,979,254	\$411,535	\$1,798,577
Impact Fees					
TOTAL	\$648,000	\$2,829,057	\$2,439,277	\$633,309	\$2,023,424