



Solid Waste and Future Fees

PRESENTED TO THE CITY COUNCIL ON APRIL 15, 2023



This Photo by Unknown Author is licensed under [CC BY](#)

Background

- During the Council Retreat on February 13, 2024, council discussed multiple items that included discussion on:
 - Future of Solid Waste Program
 - Street Maintenance Fees
 - Storm Water Fees
- Staff is here today to discuss these items and possible impacts to FY 24-25 and future years budget

Solid Waste Fund – Financial Overview

- Proprietary fund – charge customers for refuse, recycling and city administrative cost
- Refuse and recycling operations outsourced to Waste Connections
 - No SW rate increases – FY2019-2023
 - Financial strategy was to draw down fund balance in Solid Waste Fund – (FY2019- FB% was 63%)
 - Council approved new 5-year contract on May 1, 2023
 - Extend Contract through September 2029
 - Prior year CPI increases (22%) - Waste Connections' Contract
 - FY2022 – 4% Increase
 - FY2023 – 10% increase
 - FY2024 – 8% increase
 - Future CPI
 - FY 2025 – 6% or CPI increase whichever is greater
 - FY2026-2029 – CPI Increase

Solid Waste Fund – Financial Overview

- Proposed SW Customer Rate Projections:
 - FY2024 – 20% - “True up” Contract CPI adjustments
 - Average residential cost - \$3.64 a month
 - Did not cover all increases as CPI was 8%
 - FY2025 – 6% increase or CPI
 - FY2026-2029 – CPI increase

Current & Estimated Rates

| Waste Connection Rates - Monthly | | | |
|----------------------------------|--------------------|-----------------|-----------------|
| | | 8% | 6% |
| | | FY24 | FY25 |
| Residential | Waste Collection | \$ 16.61 | \$ 17.60 |
| | Recycling | \$ 3.09 | \$ 3.27 |
| | Admin and Overhead | \$ - | \$ - |
| | Franchise Fee | \$ - | \$ - |
| | Total | \$ 19.69 | \$ 20.88 |

| | | | |
|-------------------|--------------------|-----------------|-----------------|
| Small Collections | Waste Collection | \$ 26.16 | \$ 27.73 |
| | Admin and Overhead | \$ - | \$ - |
| | Franchise Fee | \$ - | \$ - |
| | Total | \$ 26.16 | \$ 27.73 |

| | | | |
|-------------------|--------------------|----------|----------|
| Large Collections | Waste Collection | \$ 39.71 | \$ 42.09 |
| | Admin and Overhead | \$ - | \$ - |
| | | \$ - | \$ - |

| Resident Rates-Monthly | | | | |
|------------------------|-----------------|-----------------|----------------|-----------------|
| Citizens Rates | 2024 | 2025 | Difference | Yearly |
| Waste Collection | \$ 16.20 | \$ 17.60 | \$ 1.40 | |
| Recycling | \$ 3.00 | \$ 3.27 | \$ 0.27 | |
| Admin and Overhead | \$ 1.10 | \$ 1.10 | \$ - | |
| Franchise Fee | \$ 1.54 | \$ 1.67 | \$ 0.13 | |
| Total | \$ 21.84 | \$ 23.65 | \$ 1.81 | \$ 21.67 |

| | | | | |
|--------------------|-----------------|-----------------|----------------|-----------------|
| Waste Collection | \$ 23.43 | \$ 27.73 | \$ 4.30 | |
| Admin and Overhead | \$ 1.10 | \$ 1.10 | \$ - | |
| Franchise Fee | \$ 1.87 | \$ 2.22 | \$ 0.35 | |
| Total | \$ 26.40 | \$ 31.05 | \$ 4.65 | \$ 55.80 |

| | | | | |
|--------------------|----------|----------|---------|--|
| Waste Collection | \$ 35.38 | \$ 42.09 | \$ 6.71 | |
| Admin and Overhead | \$ 1.10 | \$ 1.10 | \$ - | |
| | \$ - | \$ - | \$ - | |

Solid Waste 5-Year Projection

| ACCOUNT DESC | CHAR CODE | 2024 YEAR END BUDGET | 2024-2025 ESTIMATE | 2025-2026 FIVE YR FORECAST | 2026-2027 FIVE YR FORECAST | 2027-2028 FIVE YR FORECAST | 2028-2029 FIVE YR FORECAST | 2029-2030 FIVE YR FORECAST |
|--------------------|---------------------------------|----------------------------|-----------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 519,420 | 416,698 | 431,880 | 446,244 | 459,733 | 472,289 | 483,851 |
| | CHARGES FOR SERVICES | \$4,218,898 | \$4,664,095 | \$4,938,849 | \$5,230,133 | \$5,538,946 | \$5,866,352 | \$6,213,477 |
| | INVESTMENT EARNINGS | \$27,528 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| REVENUE | | \$4,246,426 | \$4,679,095 | \$4,953,849 | \$5,245,133 | \$5,553,946 | \$5,881,352 | \$6,228,477 |
| | OUTSIDE SERVICES | \$3,834,518 | \$4,143,461 | \$4,393,864 | \$4,659,491 | \$4,941,268 | \$5,240,177 | \$5,557,259 |
| | EQUIP MAINT & REPAIR | | | | | | | |
| | UTILITIES | \$11,000 | \$11,330 | \$11,670 | \$12,020 | \$12,381 | \$12,752 | \$13,135 |
| | CLAIMS AND INSURANCE | \$1,449 | \$1,492 | \$1,537 | \$1,583 | \$1,631 | \$1,680 | \$1,730 |
| | MISC | \$404,493 | \$407,472 | \$429,723 | \$453,256 | \$478,148 | \$504,477 | \$532,331 |
| | COST ALLOCATION EXP | \$51,629 | \$53,178 | \$54,773 | \$56,416 | \$58,109 | \$59,852 | \$61,648 |
| | TRANFERS OUT | \$46,058 | \$46,979 | \$47,919 | \$48,877 | \$49,855 | \$50,852 | \$51,869 |
| EXPENDITURE | | \$4,349,148 | \$4,663,912 | \$4,939,486 | \$5,231,644 | \$5,541,390 | \$5,869,790 | \$6,217,971 |

| | | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| Fund Balance | 416,698 | 431,880 | 446,244 | 459,733 | 472,289 | 483,851 | 494,356 |
| Percentage Fund Balance | 10% | 9% | 9% | 9% | 9% | 8% | 8% |

Solid Waste Fund Discussion

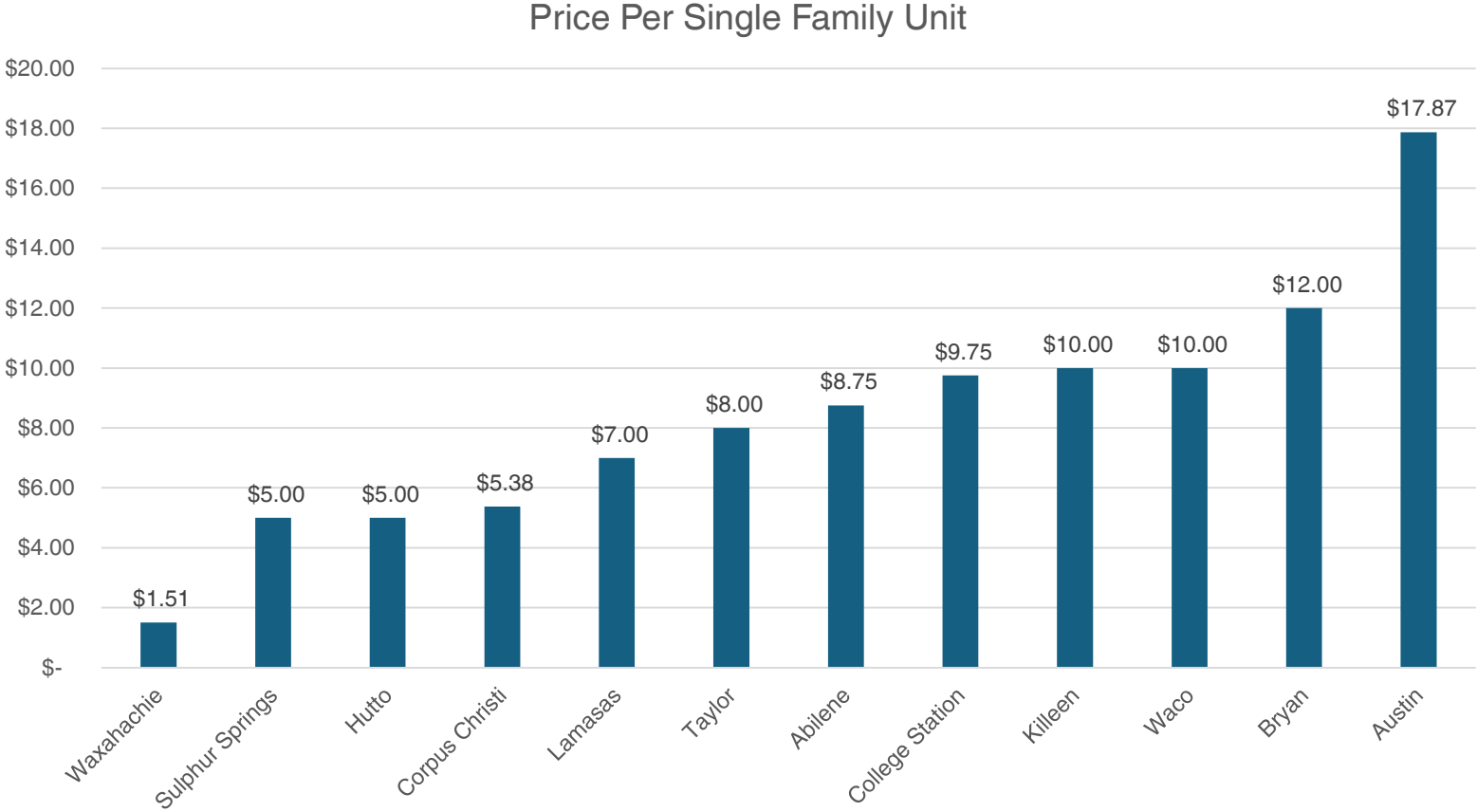
- Best practice to pass through all expenses and increases from waste hauler
- Hire a consultant to assist in future solid waste RFP
 - Potential Savings to incorporate other fees
 - Polycarts, franchise commercial
 - \$45,000
- Incorporate litter abatement into solid waste fund in future
 - \$130,000 annual contract reduced from General Fund
 - \$1.00 Monthly Fee added to Administration and Overhead
- Incorporate a Street Maintenance Fee
 - Possible savings from new solid waste contract
 - Staff to hire a consultant to assist in calculations

Street Maintenance Fees

Street Maintenance Fees

- Dedicated funding source to assist in maintenance of existing roadways.
- Cannot be used on reconstruction or new construction
- Included on water bill as a separate fee
- Requires rough proportionality calculation for creating fee similar to impact fees
- Increase funding per Asset Management
- Staff would look to hire a consultant to determine calculations

Other Communities



Possible Revenue Opportunities

Current Street Maintenance Budget

- \$1,111,500
- Includes Contracted Services and purchase of material for staff work

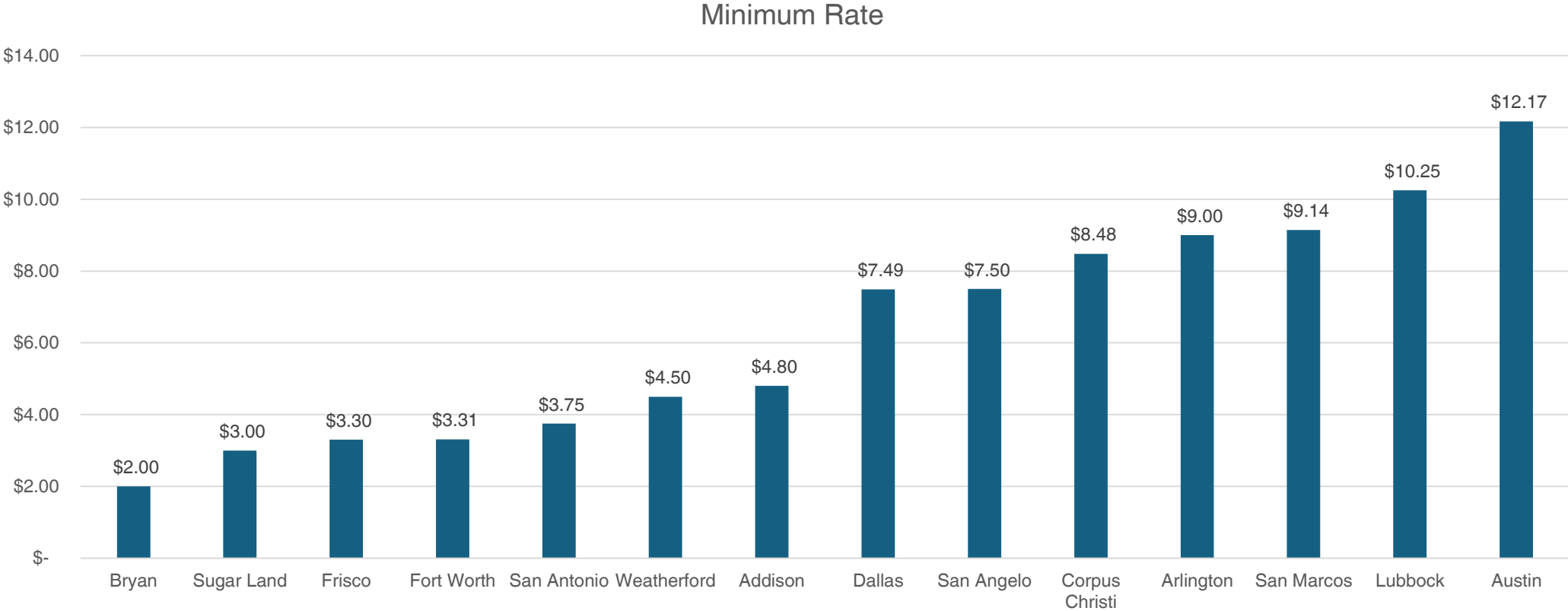
| Possible Revenues from Street Maintenance Fees | | |
|---|----------------|-----------------|
| Based on 15,997 Residential Properties | | |
| Rate | Monthly | Annual |
| \$ 1.50 | \$ 23,995.50 | \$ 287,946.00 |
| \$ 2.50 | \$ 39,992.50 | \$ 479,910.00 |
| \$ 4.00 | \$ 63,988.00 | \$ 767,856.00 |
| \$ 5.00 | \$ 79,985.00 | \$ 959,820.00 |
| \$ 7.00 | \$ 111,979.00 | \$ 1,343,748.00 |
| \$ 8.00 | \$ 127,976.00 | \$ 1,535,712.00 |
| \$ 10.00 | \$ 159,970.00 | \$ 1,919,640.00 |

Storm Water Utility Fees

Storm Water Utility Fees

- Dedicated funding source for drainage improvements throughout the community
- Can be used for on-going maintenance and/or capital projects depending on funding level
- Requires rough proportionality calculation to determine fee
- Utilize a consultant to assist in creation of fee structure

Other Communities



Possible Revenue Opportunities

Current Drainage Maintenance Budget

- \$597,156
- Includes entire budget which includes staff, equipment and materials.

| Possible Revenues | | | |
|---|----------------|-----------------|---------------|
| Based on 15,997 Residential Properties | | | |
| Rate | Monthly | | Annual |
| \$ 1.50 | \$ 23,995.50 | \$ 287,946.00 | |
| \$ 2.50 | \$ 39,992.50 | \$ 479,910.00 | |
| \$ 4.00 | \$ 63,988.00 | \$ 767,856.00 | |
| \$ 5.00 | \$ 79,985.00 | \$ 959,820.00 | |
| \$ 7.00 | \$ 111,979.00 | \$ 1,343,748.00 | |
| \$ 8.00 | \$ 127,976.00 | \$ 1,535,712.00 | |
| \$ 10.00 | \$ 159,970.00 | \$ 1,919,640.00 | |

Finance Committee

- Solid Waste
 - Update fees to capture all costs
 - Include Litter Abatement in Fees for FY24
 - Begin RFP process soon
- Street Maintenance Fees
 - Hire a consultant to assist in street maintenance fee structure this year
 - Coordinate implementation with update solid waste contract
- Storm Water Fee
 - Utilize existing funding to hire consultant to start reviewing possible fee structure

Next Steps

- Solid Waste
 - Review fund as part of the budget process and adopt new rates
 - Rates will include passing through all solid waste collection, administrative, and franchise fees
 - Include Litter Abatement in Administrative Fees
 - Hire a consultant to assist in drafting an RFP
- Street Maintenance Fees
 - Hire a consultant to assist in fee calculation
- Storm Water Fee
 - Hire a consultant to assist in fee calculation
- Fee analysis results would not be ready until next fiscal year and staff would not recommend possible adoption until the FY 25-26 budget.

QUESTIONS/COMMENTS