

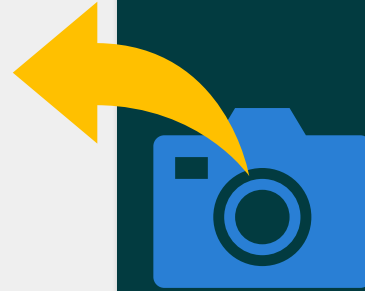
Town of Lake Park Solid Waste Utility

Follow-Up Meeting on the 2023 Solid Waste Rate Study

Public Works Department

June 8, 2023





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Follow-Up Meeting Agenda

1. Introductions
2. Solid Waste Utility Background
3. Solid Waste Utility Operations
4. The Solid Waste Utility Rate Analysis
5. Principal Cost Drivers
6. Study Objectives & Tasks
7. Major Study Assumptions
8. Summary of Current Operations
9. Conclusions and Recommendations
10. Q&A
11. Closing Comments



Project Team

- **Members of the Town Commission**
- **John D'Agostino** – Town Manager
- **Roberto Travieso** – Public Works Director
- **Dwayne Bell** – Operations Manager
- **Fensely Wisdom and Jackie Harris** – Sanitation Foremen
- **Murray Hamilton** – Vice President, Raftelis
- **Shawn Ocasio** – Manager, Raftelis



Solid Waste Utility – Background

- Collects solid waste from residential and commercial properties
- First line of defense for the health of the community
- Protects the environment, avoids air/water contamination, and recovers materials through recycling processes





Solid Waste Utility – Background

- **2021/2022 Mixed-Solid Waste Collection and Disposal Production:**
 - › **30.6-Million** pounds of garbage
 - › **8.9 Million** pounds of bulky trash/vegetation debris
 - › **2.3 Million** pounds of recyclable materials





Solid Waste Utility – Background



- Provides a variety of educational opportunities during public outreach events
- Provides Roll-off disposal services through franchise agreements with three (3) haulers
- Partners with national, regional and local public/private organizations for continuous process improvement



Solid Waste Utility – Background

- **Where does your trash go?**
 - › All solid waste and vegetation debris is transported to Palm Beach County Solid Waste Authority's (SWA) North County Transfer Station
 - › Recyclable materials are sorted, packaged and commercialized
 - › Solid waste is incinerated to generate electrical energy or buried





Solid Waste Utility – Background (cont.)

- **Authorized Staff:** Nine (9) full-time employees:
 - › **Supervisors (2)**
 - › **Sanitation Truck Operator I (3)**
(Some vacant 12 months)
 - › **Sanitation Truck Operator II (3)**
(Some vacant 12+ months)
 - › **Sanitation Truck Operator Trainee (1)**





Solid Waste Utility – Background (cont.)

- **Fleet Inventory**

- The Solid Waste Division is assigned ten (10) collection trucks:

Automatic Side Loader (FEL)

- › **Primary Uses:** Residential Garbage, Recycling
- › **Inventory:** Four (4)
- › **Average Yrs. in Service:** 6.5 Yrs.





Solid Waste Utility – Background (cont.)

- **Fleet Inventory**

- The Solid Waste Division also operates:

Front-End Loader (FEL)

- › **Primary Uses:** Commercial Garbage, Recycling
- › **Inventory:** Four (4)
- › **Average Yrs. in Service:** 6.5 Yrs.





Solid Waste Utility – Background (cont.)

- **Fleet Inventory**

- The Solid Waste Division also operates:

Clam Truck

- › **Primary Uses:** Residential Vegetation Debris and Bulk Trash
- › **Inventory:** Three (3)
- › **Average Yrs. in Service:** 5.75 Yrs.





Solid Waste Utility – Background (cont.)

- **Fleet Inventory**

- › Recommended Equipment Backup Ratio per Solid Waste Association of North America (SWANA): **1:1.2/1:1.5**

Asset (# in Fleet)	Needed for Daily Operations	1:1.2 Ratio	1:1.5 Ratio
Automatic Side Loader	2	2.4	3
Front-End Loader	2	2.4	3
Grapple (Clamshell) Truck	2	2.4	3
Rear Loader	0	1.2	1.5



Solid Waste Utility – Background (cont.)

- Operates as a self-supporting enterprise fund with separate accounting from other Town departments and resources
- Town has historically used operating reserves to cover actual expenses that exceeded the budgeted amounts while phasing in rate adjustments over time

Historical Sanitation Annual Assessment- Residential		
<u>Assessment Year</u>	<u>Single-Family/Multi-Family <5</u>	<u>Multi-Family >4</u>
2019-2020	\$215.49	\$145.93
2020-2021	\$234.88	\$159.06
2021-2022	\$234.88	\$159.06
2022-2023	\$246.62	\$167.01
2022-2023	\$258.37	\$174.97



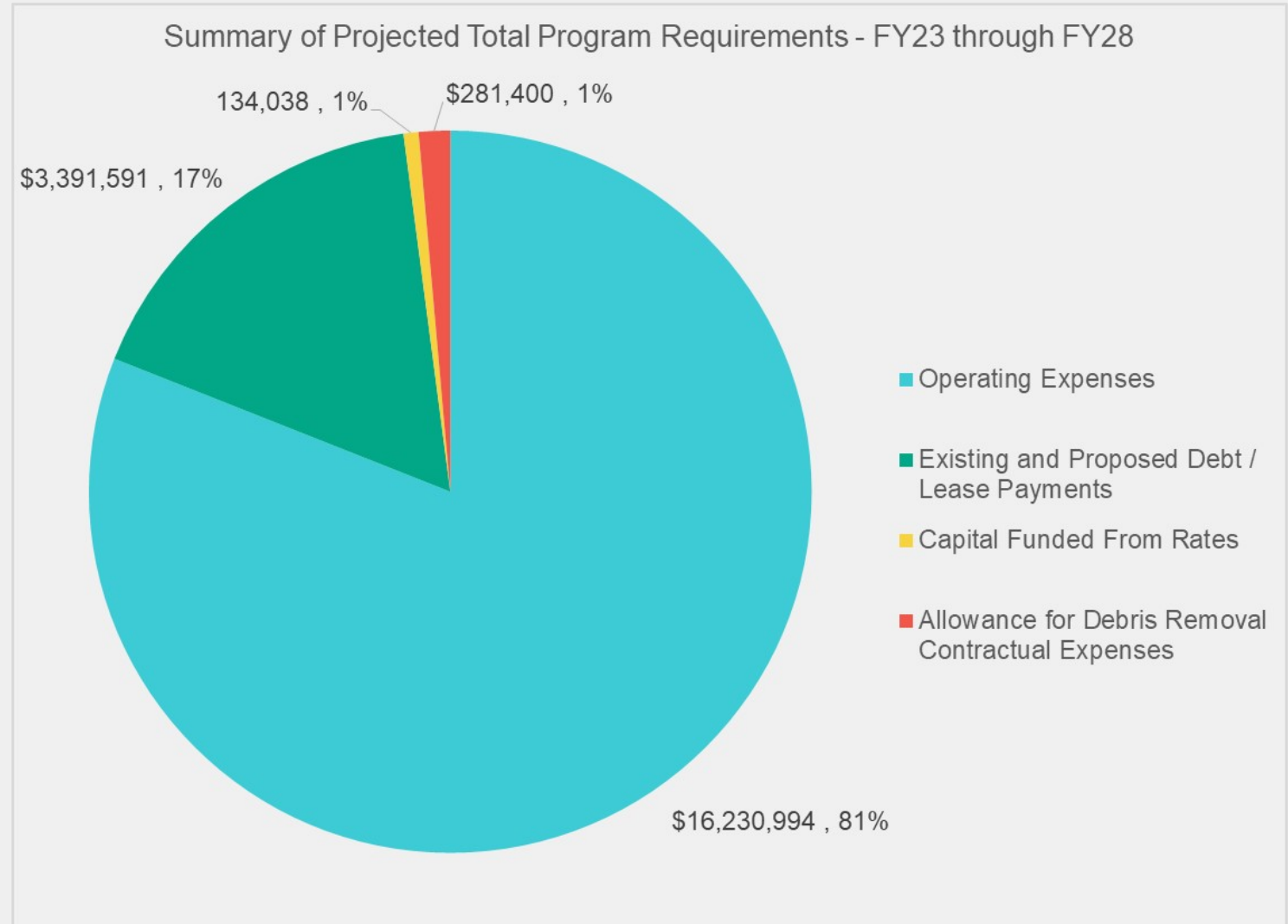
The 2023 Solid Waste Utility Rate Analysis





Solid Waste Program Requirements

- Total program needs through FY28 are estimated to exceed \$20.0 million





Principal Cost Drivers

- Current operating deficiency
 - › FY23 operating expenses exceed current revenues by approximately \$250,000 (12% of existing rates)
- High costs, frequency and severity of mechanical, fleet repairs
 - › Service Interruptions
 - Emergency contract operations / limited providers
 - Urgent and specialized repair needs / sole source providers with little competition
 - Unable to shop around repair costs





Principal Cost Drivers (cont.)

- Compensation and Recruitment:
 - › Highly competitive labor market
 - › Some Sanitation Truck Operator positions vacant 12+ months
 - › Recommended changes to operating salaries and associated benefits
- Competition: long lead times for materials, supplies, equipment and vehicles
 - › Inflationary increases on all business expenditures



Authorization

- The Solid Waste Utility has almost exhausted its reserves
 - › Unappropriated reserve fund balance at the end of FY23 is estimated to be less than \$265,000
- On January 18, 2023, the Town Commission engaged Raftelis to prepare a Solid Waste Utility Rate Analysis





Study Objectives

- Develop a funding strategy to pay for Solid Waste Utility operations, maintenance and vehicle replacement needs
 - › Emphasis on improving the fleet replacement schedule to provide higher service reliability, reduce costs related to service interruptions, and reduce maintenance expenses
 - Proposed strategy may also result in higher auction values at the time of resale which may be reinvested in the system
- Estimate revenue requirements to be recovered from solid waste rates
- Identify the need for future rate adjustments



Study Tasks

- Prepare a financial forecast
 - › Fiscal years 2023 through 2028
- Develop projections of:
 - › Disposal requirements and revenues
 - › Operating expenses
 - › Fleet replacement program & funding
 - › Cash reserve requirements
 - › Adequacy of revenues at existing rates

Discussion Topics

Major Study Assumptions

Revenues and Expenses

Capital Leases and Minor Equipment

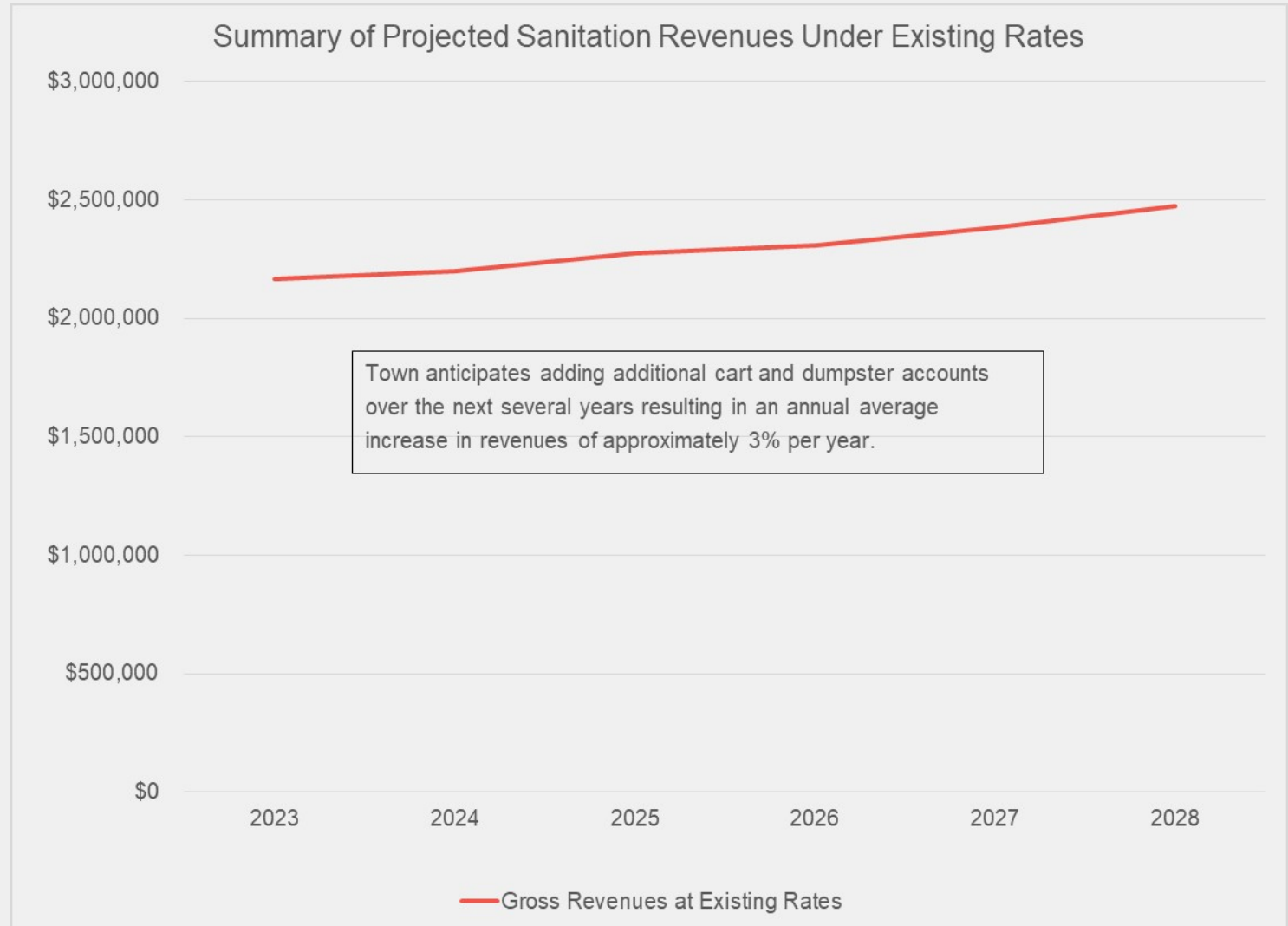
Summary of Current Operations

Conclusions & Recommendations



Projected Revenues

- Annual revenues estimated at \$2.2 million per year
 - › Most residential property owners take advantage of the 4% discount by paying early
- Assumed 1% growth in residential and multifamily cart services
- Growth in dumpster accounts based on development projections provided by Town staff





Projected Operating Expenses

- Based on the adopted FY23 budget of \$2.2 million [*]
 - › Adjustment made to disposal costs based on an estimated increase in the tonnage for 2023 of +\$92K
 - › Adjustment for operating and revenue contingencies of \$27K
- (1) Additional Sanitation Truck Operator II to be hired in FY25
 - › New operator required to support future customers connecting to the system based on planned development projects
- (1) Additional Solid Waste Code Officer to be hired in FY25
- Projections include costs associated with fleet repairs and maintenance over the study period

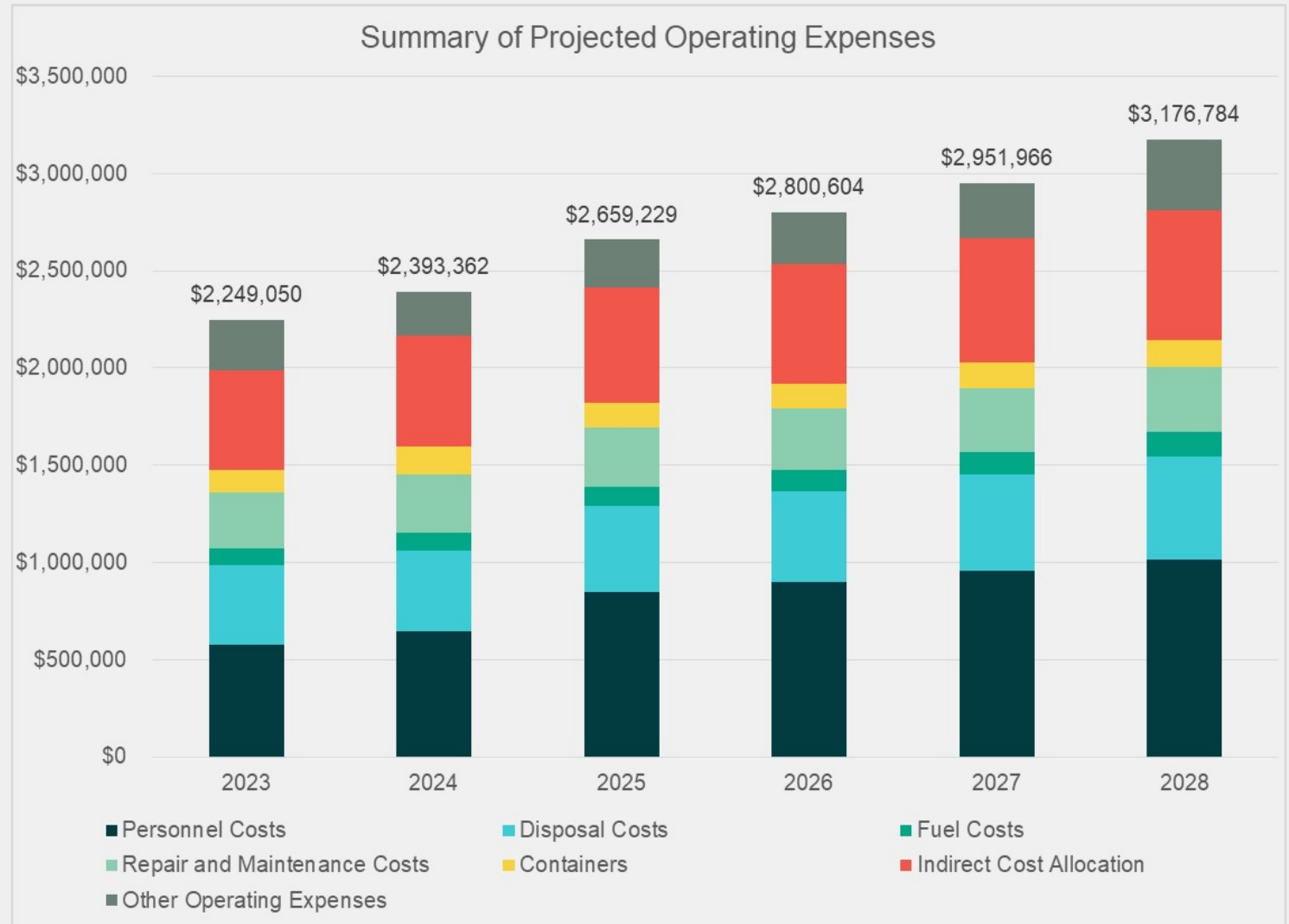
[*] Excludes capital outlay, capital lease installments, and loan payments to General Fund.

[K] Thousands



Projected Operating Expenses (cont.)

- Budgeted expenses beyond FY23 were increased based on estimated inflationary allowances as follows:
 - › Labor: 11% (FY24); then 4% per year
 - › Health & Liability Insurance: 15% per year
 - › Fuel & Utilities: 5% per year
 - › General Inflation: 3% per year





Vehicle Replacements & Minor Equipment

- Total vehicle replacement / capital program of \$4.0 million
 - › Replacement of 12 trucks - \$3.9 million (proposed capital leases)
 - 4 Front end loader trucks
 - 4 Side loader trucks
 - 3 Grapple trucks
 - 1 Rear loader trucks
 - › Other capital outlay - \$0.1 million (rate funded)
 - Minor equipment and machinery



Projected Loans & Lease Payments

- Existing annual loan and lease payments of \$161,000 in FY23 decreasing to \$0 by FY26
 - › Existing Side Loader lease of \$65,000 ends in FY24
 - › Existing Mack MD7 Grapple Truck lease of \$65,000 ends in FY25
 - › General Fund Loan of \$31,000 ends in FY26
- Proposed annual capital lease payments starting in FY24 at \$239,000 and increasing to \$768,000 by FY28
 - › All proposed capital leases assume 4-year payback term and interest rate between 5.99% - 6.75%



Projected Loan & Lease Payments (cont.)



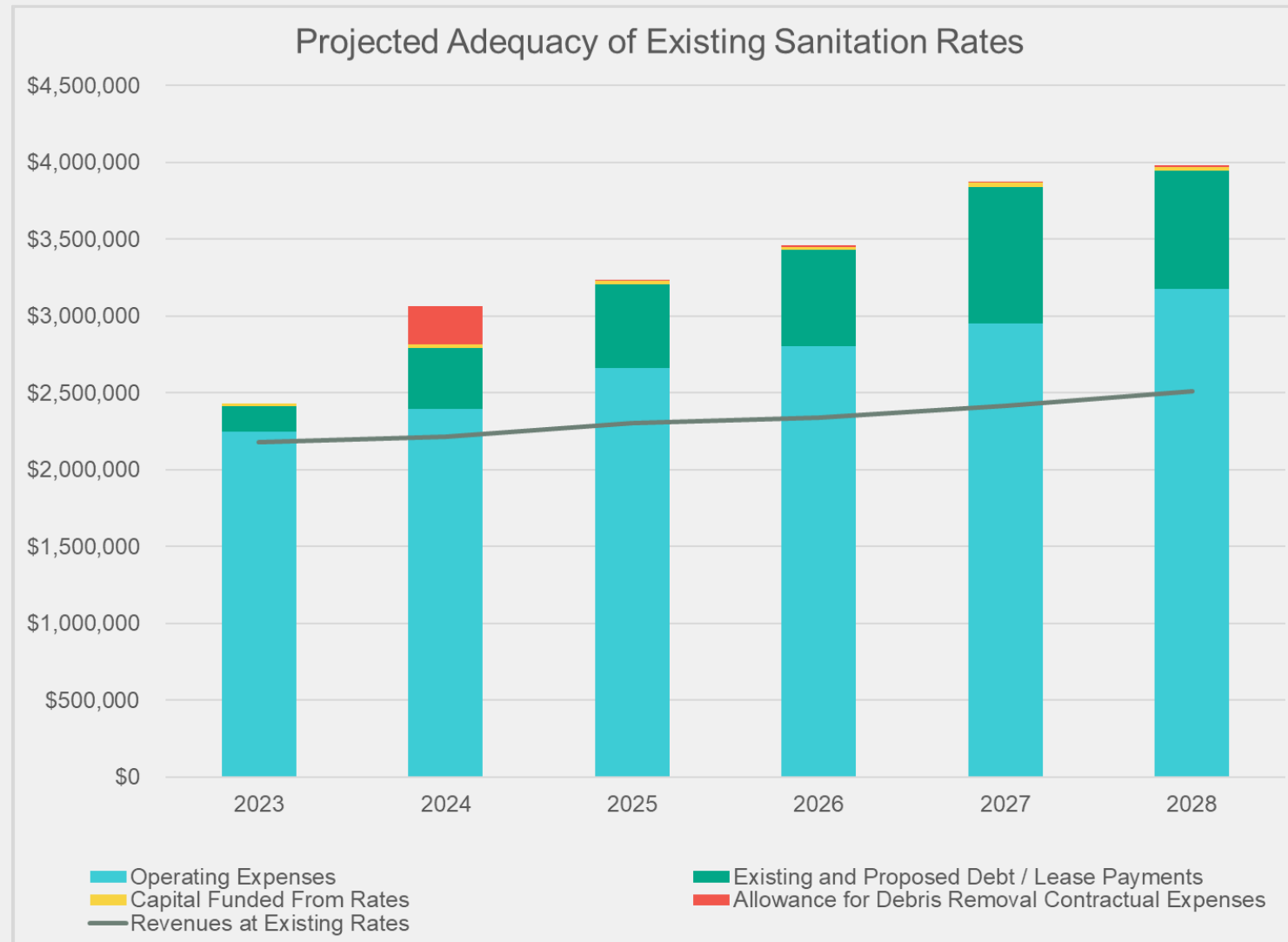


Other Revenue Requirements

- Based on discussions with Town staff, we established funding of an allowance account for contractual debris removal expenses for storm events
 - › Transfer of \$250,000 in FY24 as initial deposit
 - › Nominal annual deposits of approx. \$7,900 per year to keep pace with inflation (3% per year)
- Minimum balance in unrestricted operating fund of 60 days of annual expenditures as minimum target in FY24
 - › Additional deposits to the operating fund over the study period to target at least 90 days of reserves



Adequacy of Existing Rates





Proposed Solid Waste Rates

Description	FY24	FY25	FY26	FY27	FY28
Funds Total Program					
Percent Rate Increase	48%	3%	3%	3%	3%
Proposed Annual Charge per Cart (Current Fee \$258.37)	<u>\$382.39</u>	<u>\$393.86</u>	<u>\$405.68</u>	<u>\$417.85</u>	<u>\$430.38</u>
Proposed Charge per Cubic Yard (CY) – Per Dumpster Size / Per Frequency of Pickup (Current Fee \$11.31)	<u>\$16.74</u>	<u>\$17.24</u>	<u>\$17.76</u>	<u>\$18.29</u>	<u>\$18.84</u>
	<u>Sample – Monthly Fees for Dumpster Services</u>				
2 CY Dumpster – 1 Pickup / Week (\$98.02)	\$145.07	\$149.42	\$153.90	\$158.52	\$163.28
4 CY Dumpster – 1 Pickup / Week (\$196.04)	\$290.14	\$298.84	\$307.81	\$317.04	\$326.55
6 CY Dumpster – 1 Pickup / Week (\$294.06)	\$435.21	\$448.27	\$461.71	\$475.56	\$489.83



Conclusions & Recommendations

1. The Solid Waste Utility should operate as a self-supporting enterprise fund with separate accounting from other Town departments
 - › Town has consistently used operating reserves to cover actual expenses, but those reserves have been mostly depleted
 - › Existing rates are not adequate to cover the current operations



Conclusions & Recommendations

2. On or about January 18, 2023, the Town Commission adopted an ordinance that moves multi-family dumpster accounts to the standard dumpster rates
 - › The projected financial results were prepared based on the adopted service classifications
 - › The Town Commission should consider adopting the proposed rates through FY28



Conclusions & Recommendations (cont.)

3. The Town Commission should consider adopting a reserve policy for the Solid Waste Utility to provide working capital and to help address unforeseen contingencies
 - › We recommend a target operating reserve balance of at least 90 days of annual expenditures that may be achieved by FY26 if the adopted rates are implemented
 - › A separate contingency fund of \$250,000 for emergency, debris removal should also be established
4. This study should be updated within 5-years

Q&A



Next Steps & Timeline

- **January-May 2023:** Solid Waste Rate Analysis
- **June 8, 2023:** Follow-up Meeting on the Solid Waste Rate Analysis
- **June 21, 2023:** Presentation to Town Commission on findings and recommendations from Solid Waste rate analysis (for discussion only)
- **July 28, 2023:** Town submits maximum proposed Solid Waste assessment rates to PB County (TRIM Notice)
- **August 2023:** Fee Schedule Resolution presented for approval
- **August 18, 2023:** TRIM Notices mailed to all taxpayers
- **September 2023:** Town submits approved Solid Waste assessment rates
- **November 1, 2023:** Tax bill sent to all taxpayers

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