



**TOWN OF LAKE PARK**

# **Solid Waste Rate Study**

**EXECUTIVE SUMMARY / JUNE 2023**

June 14, 2023

Mr. Roberto F. Travieso, MPA  
Director, Public Works Department  
Town of Lake Park  
640 Old Dixie Highway  
Lake Park, FL 33403

Subject: **Solid Waste Rate Study – Executive Summary Report**

Dear Mr. Travieso:

Raftelis Financial Consultant's, Inc. (Raftelis) has completed its study to evaluate the adequacy of the solid waste management system's (System) utility rates for the Town of Lake Park, Florida (Town), and has summarized the results in this report for your consideration. The solid waste utility rates are collected annually through a non-ad valorem special assessment for residential customers and through the Town's monthly utility billing process for nonresidential customers. This report summarizes the financial forecast and proposed annual assessments for the six- (6) year period ending September 30, 2028 (Study Period).

## **Project Milestones**

The Town Commission engaged Raftelis on January 18, 2023, to prepare a solid waste rate study. Based on the study findings, Town staff held a special workshop for residents and business owners on June 8, 2023. A public notice was posted to the Town's website in April, while physical notices (in three languages) were mailed prior to the workshop. The agenda and presentation materials were made available on the Town's website. The presentation was also recorded for those who could not attend the meeting in person.

Following the special workshop, Raftelis finalized the solid waste rate study report on June 13, 2023. The rate study report is a comprehensive, narrative report with tables and figures that support our analyses, conclusions, and recommendations. Town staff have made the solid waste rate study report and supporting presentation documents available on the Town's website. Please refer to these resources for additional information.

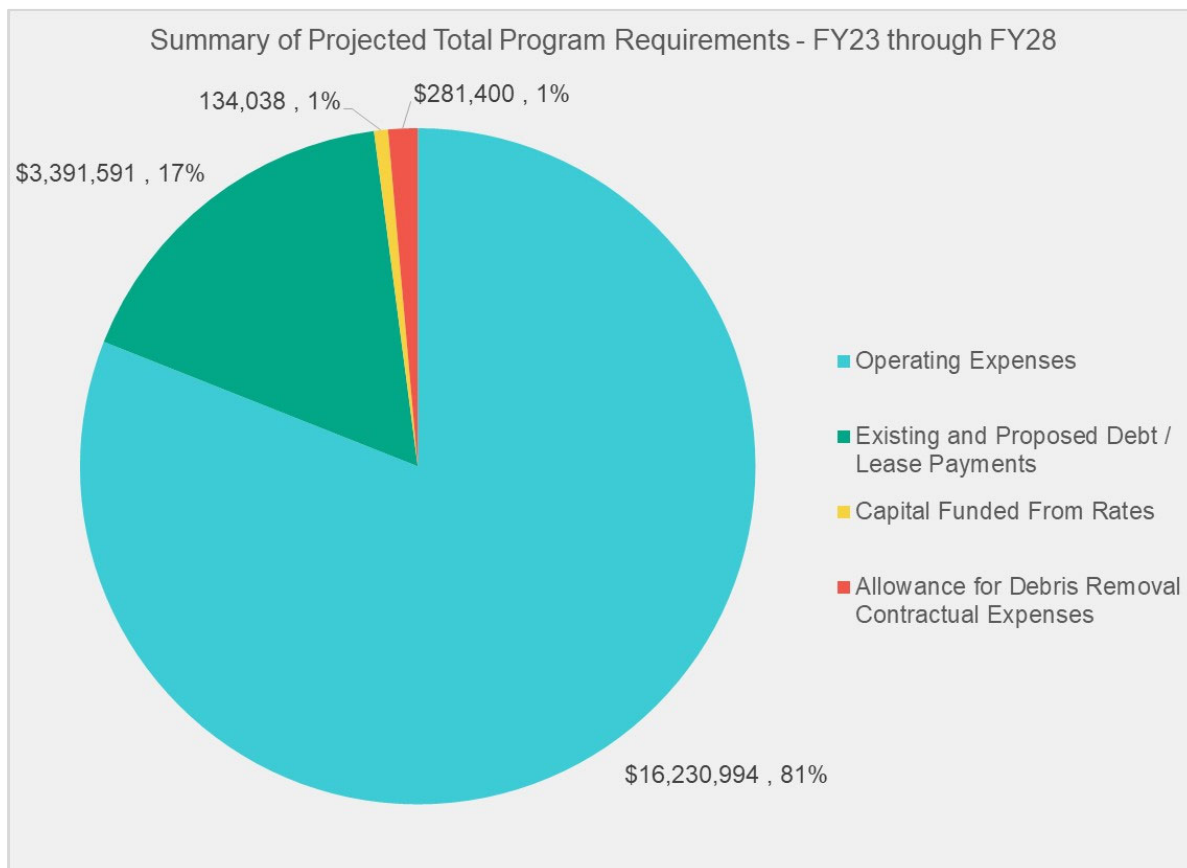
## **Introduction**

The Town's solid waste utility collects solid waste and recycling from residential and commercial properties, providing cart and dumpster service of varying sizes and frequencies on a weekly basis. Roll-off disposal services are provided as well through franchise agreements with three haulers. The waste that is collected is transported to the Palm Beach County Solid Waste Authority's (SWA) North county Transfer Station. Solid waste is then incinerated to generate electricity while recyclable materials are sorted, packaged and commercialized.

## Financial Analysis of the Solid Waste Utility System

The Town's solid waste system is established as a self-supporting enterprise fund with separate accounting from other departments and resources. The Town has historically used operating reserves to cover actual expenses that exceeded the budgeted amounts while phasing in rate adjustments.

Based on information provided by Town staff, the total projected program requirements during the Study Period exceeds \$20.0 million as summarized below:



As shown above, the program requirements include operating expenses, capital lease payments to replace existing solid waste trucks, purchases for minor equipment, and allowances to establish and create cash reserve funds to address unforeseen contingencies and natural disasters. There are several primary cost drivers that have had a significant impact on System costs:

- Current operating deficiency
  - FY23 operating expenses exceed current revenues by approximately \$250,000 (12% of existing rates)
- High costs, frequency, and severity of mechanical repairs
  - Replacement of major components due to aging fleet

- Emergency contract operations / limited providers and high cost during service interruptions
- Urgent and specialized repair needs have sole source providers with little competition
- Compensation and Recruitment:
  - Highly competitive labor market
  - 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

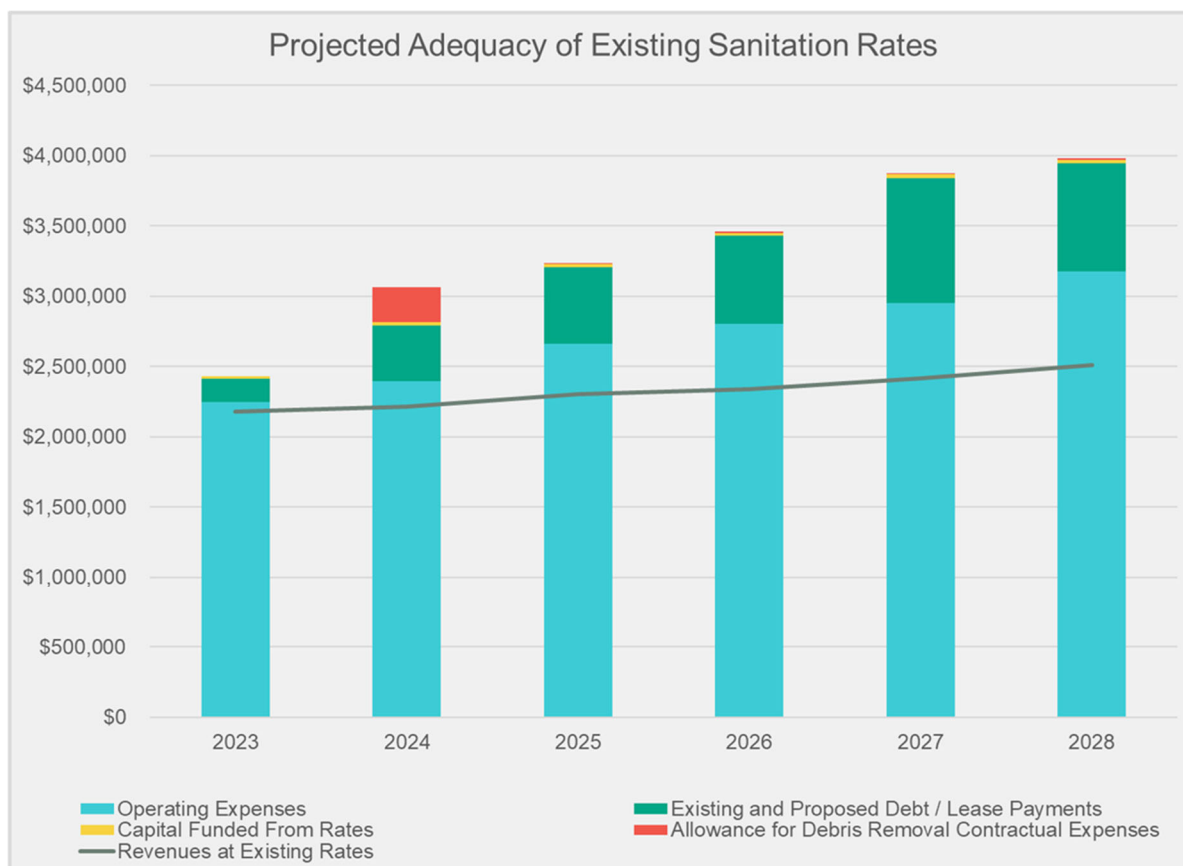
The solid waste utility has nearly exhausted its reserve funds, and therefore cannot continue to operate without a balanced budget that meets the annual expenditure requirements.

On January 18, 2023, the Town Commission engaged Raftelis to prepare a solid waste utility rate analysis. The goal of this study is to assist the Town in establishing solid waste rates that are sufficient to recover the cost of operating, maintaining, repairing, and financing the System. In order to achieve this goal, certain criteria were established in conjunction with the Town staff that served as guidelines for developing the proposed solid waste rates. The criteria established included: i) proposed rates should fund operations, maintenance, and vehicle replacement needs; ii) rate increases should be phased-in over time to the extent possible; and iii) the Town Commission should consider adopting a reserve policy for the System to provide adequate working capital reserves equal to not less than 90 days of annual expenditures as well as funding an emergency debris removal fund.

The recommendations of this study are based on a financial forecast developed for the System. The financial forecast starts with a projection of customers and revenues, proceeds next with identification of utility operating and capital/vehicle replacement needs, evaluates the availability and proposed use of existing operating reserves, and, finally, establishes the timing of rate adjustments. The basis for the study's recommendations is a financial forecast developed for Fiscal Years 2023 through 2028 (previously defined as the Study Period). Town staff have made the solid waste rate study report and supporting presentation documents available on the Town's website. Please refer to these resources for additional information about our principal study assumptions, estimates and results.

## **Projected Adequacy of Existing Solid Waste Rates**

Based upon the assumptions used to prepare the System's financial forecast regarding operating expenses and capital requirements, the projected net revenue requirements of the System when compared to revenues under existing rates are summarized as follows:



As can be seen in the above summary, the projected revenue deficiency is estimated to be approximately \$250,000 in Fiscal Year 2024, which may increase to \$1.6 million by Fiscal Year 2028.

## Existing and Proposed Rates

The Town currently charges \$258.37 per month per residential cart account and \$11.31 per cubic yard (per pickup per week) of solid waste volume for all properties utilizing dumpsters. To meet the solid waste utility program requirements identified for the Study Period, the following assessments and monthly rates are proposed:

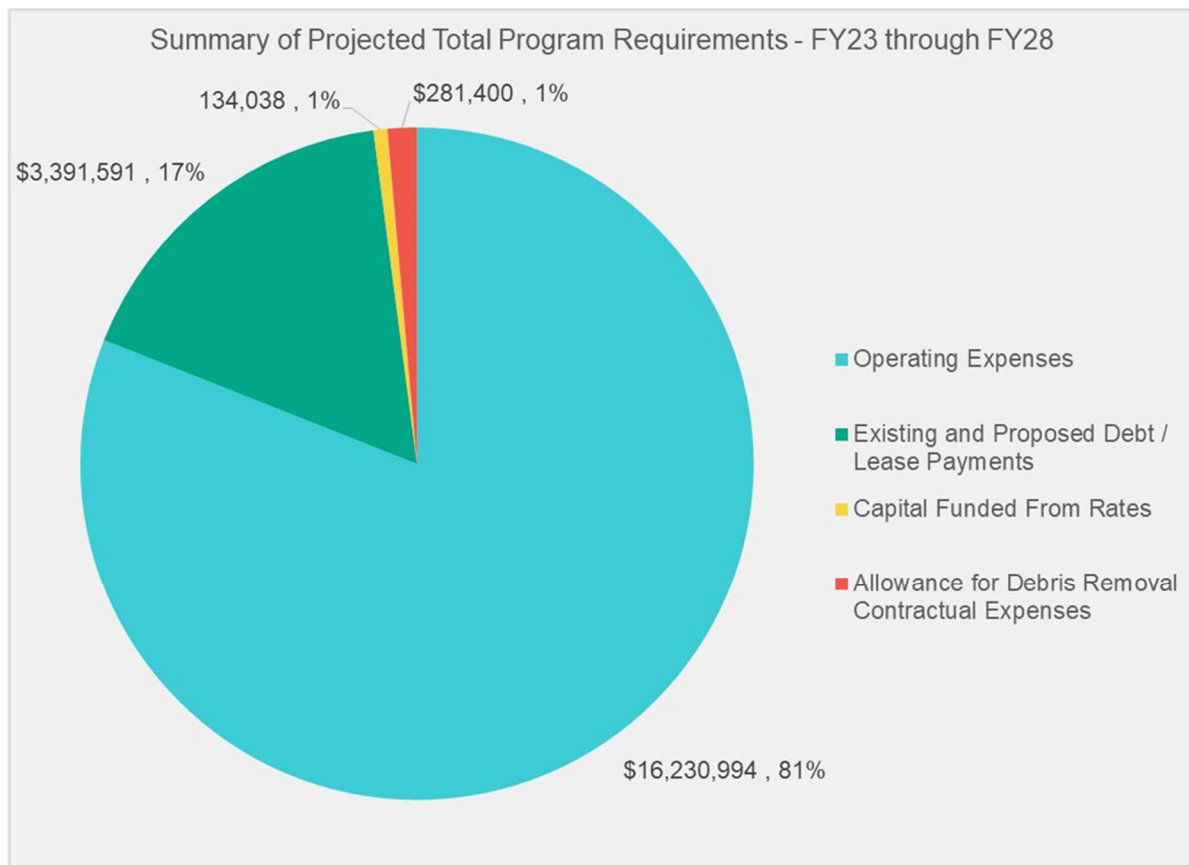
### Proposed Solid Waste Rates

Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Funds Total Program</b>					
Percent Rate Increase	48%	3%	3%	3%	3%
<b>Proposed Annual Charge per Cart (Current Fee: \$258.37)</b>	<b><u>\$382.39</u></b>	<b><u>\$393.86</u></b>	<b><u>\$405.68</u></b>	<b><u>\$417.85</u></b>	<b><u>\$430.38</u></b>
Proposed charge per Cubic Yard per pickup/week (Current Fee: \$11.31)	<b><u>\$16.74</u></b>	<b><u>\$17.24</u></b>	<b><u>\$17.76</u></b>	<b><u>\$18.29</u></b>	<b><u>\$18.84</u></b>

As shown above, this study recommends that a series of adjustments be made to the annual assessment and monthly rates. A full detailed listing of the Town’s existing and proposed rates can be found in the full report. Key benefits of the proposed rate plan include the following:

- Utility becomes self-sufficient through Fiscal Year 2028
- Utility can fund the prioritized vehicle replacement program
- Builds reserves over time (operating and debris removal funds)

If the proposed assessments and monthly rates are approved and implemented over the Study Period, by Fiscal Year 2028, the proposed fees are estimated to fund the following expenditures:



## Conclusions and Recommendations

Based on our studies, assumptions, considerations, and analyses as summarized herein, we are of the opinion that:


1. The solid waste utility should operate as a self-supporting enterprise fund with separate accounting from other Town departments.
  - a. The Town has consistently used operating reserves to cover actual expenses, but those reserves have been nearly exhausted.

2. The existing rates are not adequate to cover the current operations.
  - a. Additional adjustments are also needed to adequately fund the projected operating expenditures and planned vehicle replacement program.
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.
  - a. Adopting a reserve policy of 90 days of annual expenditures for the solid waste utility to be achieved by fiscal year 2026 is recommended.
  - b. A separate contingency fund of \$250,000 for emergency debris removal should also be established.
4. On or about January 18, 2023, the Town Commission adopted an ordinance that moves the multi-family dumpster accounts to the standard dumpster rates.
  - a. The projected financial results were prepared based on the adopted service classifications.
  - b. The Town Commission should consider adopting the proposed non-ad valorem assessment and monthly utility billing schedule for Fiscal Years 2024 through 2028 as outlined in this study.
5. This study should be updated within five (5) years.

We appreciate the opportunity to be of service to the Town and would like to thank the Town's staff for their assistance and cooperation during the course of this study.

Respectfully submitted,

**RAFTELIS FINANCIAL CONSULTANTS, INC.**



**Murray M. Hamilton, Jr.**  
*Vice President*



**Shawn A. Ocasio**  
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SAO/dlc