

# Town of Lake Park Solid Waste Utility

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## The 2023 Rate Study

Public Works Department

June 21, 2023





# Project Milestones

- On January 18, 2023, the Town Commission engaged Raftelis to prepare a solid waste rate study
- Town staff held a special workshop for residents and business owners on June 8, 2023
  - › Public notices (in three languages) and a follow-up letter were sent to all Town properties; project information was also added to Town's website in April 2023
  - › The agenda and presentation materials were made available on the Town's website on June 7, 2023
  - › The presentation was also recorded for those who could not join the meeting in person



# June 8<sup>th</sup> Workshop – Discussion Topics

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



# Executive Summary





# 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 (cont.)



- 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 (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) primary collection trucks:

## **Automatic Side Loader (ASL)**

- › **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**

<b>Asset (# in Fleet)</b>	<b>Needed for Daily Operations</b>	<b>1:1.2 Ratio</b>	<b>1:1.5 Ratio</b>
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.)

- Typical Solid Waste Truck Downtime (May-Jul 2023)





## 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 &lt;5</u>	<u>Multi-Family &gt;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
<b>2022-2023</b>	<b>\$258.37</b>	<b>\$174.97</b>



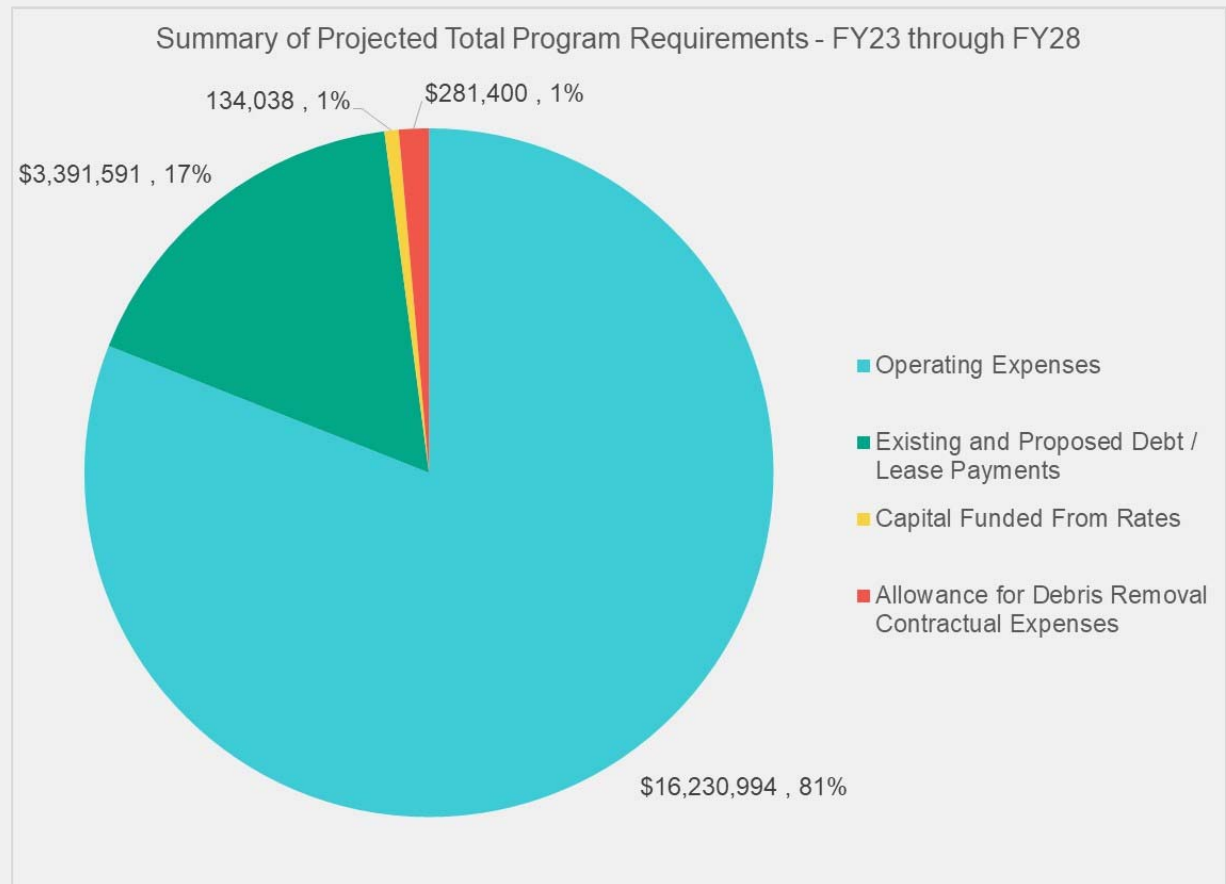
# **The 2023 Solid Waste Utility Rate Study**





# Solid Waste Program Requirements

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







# 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





# 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



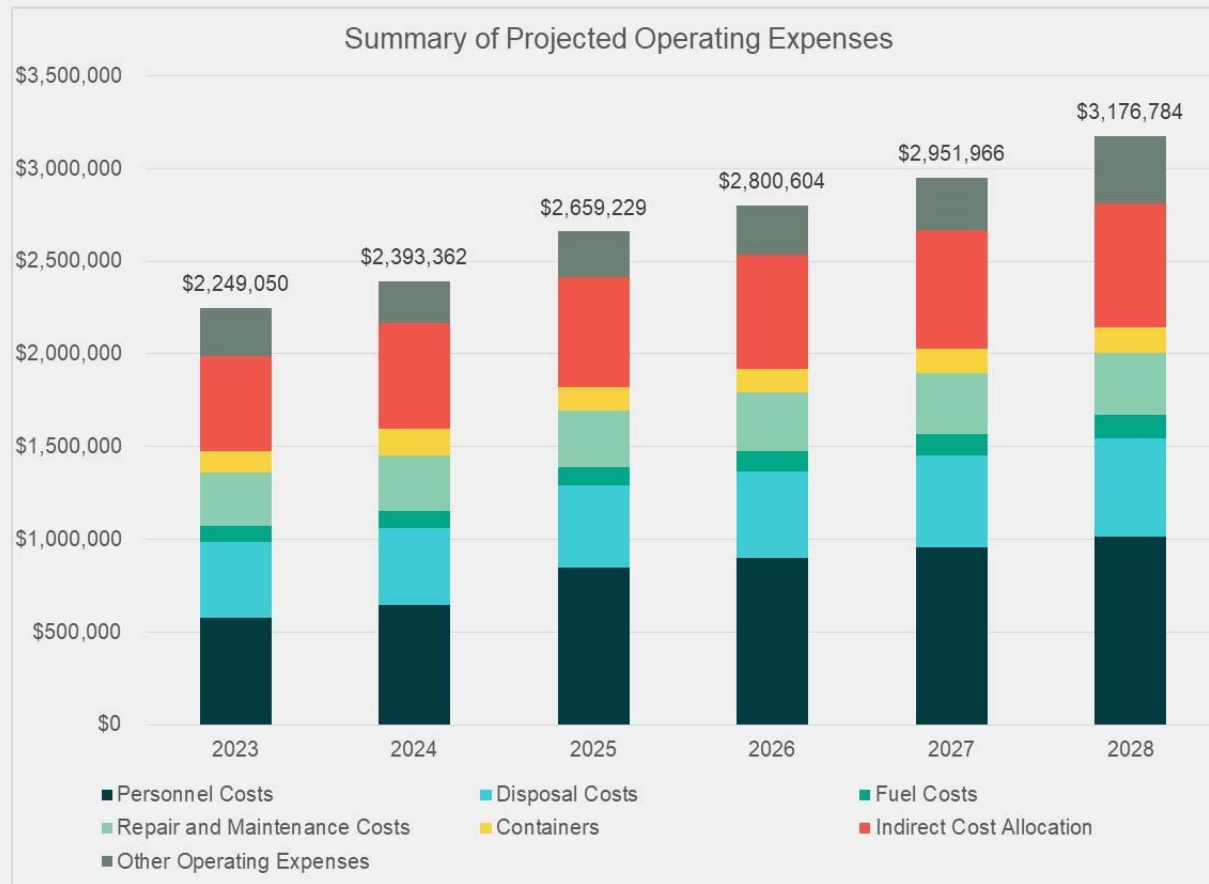


## Principal Cost Drivers (cont.)

- 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



# Projected Operating Expenses





# Proposed Vehicle Replacement Timeline

## 2023

- **FEL 45**  
(14 YRS.)
- **ASL 50**  
(14 YRS.)

## 2025

- **CLAM 66**  
(8 YRS.)
- **REAR 42**  
(20 YRS.)

## 2029

- **CLAM 68**  
(8 YRS.)

## 2024

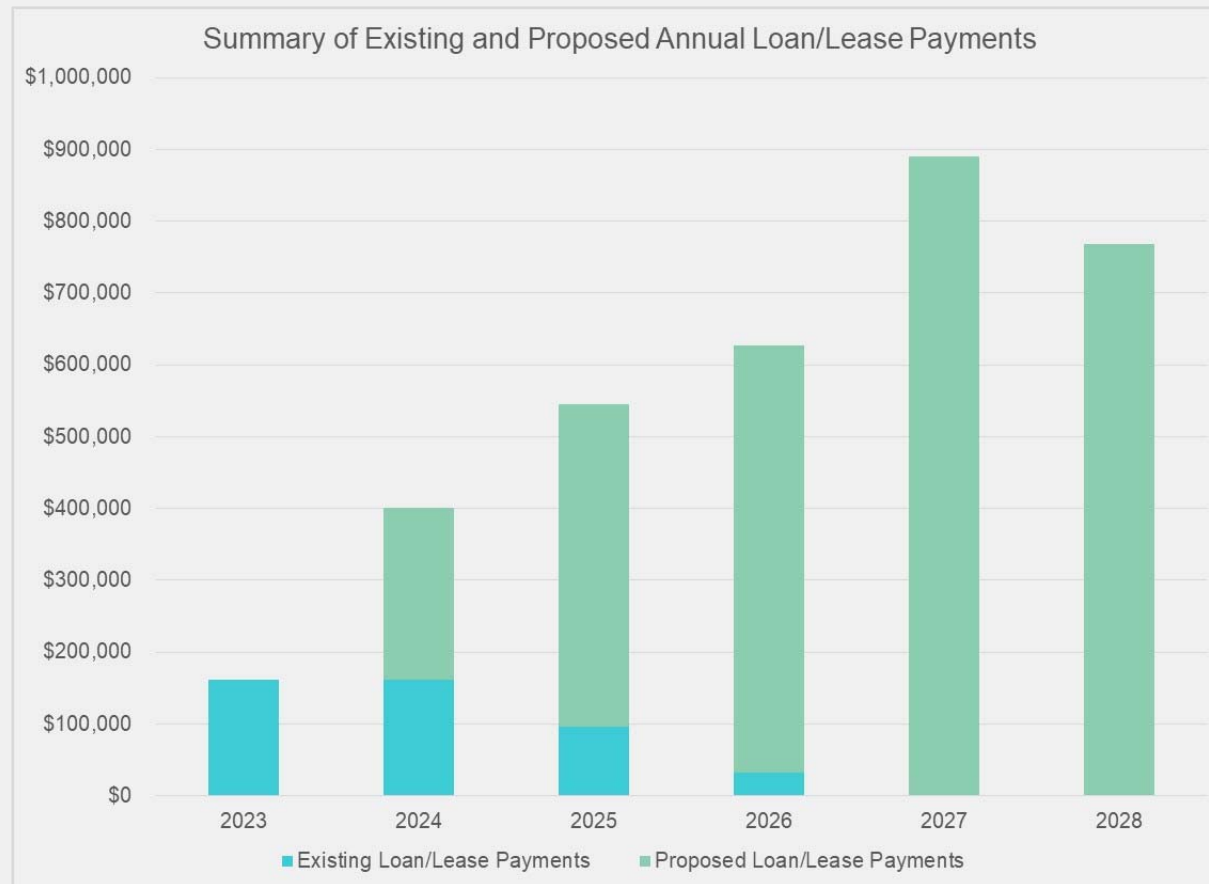
- **FEL 44**  
(8 YRS.)
- **ASL 51**  
(8 YRS.)

## 2026

- **FEL 56**  
(7 YRS.)
- **ASL 58**  
(7 YRS.)
- **CLAM 67**  
(8 YRS.)



# Projected Loan & Lease Payments





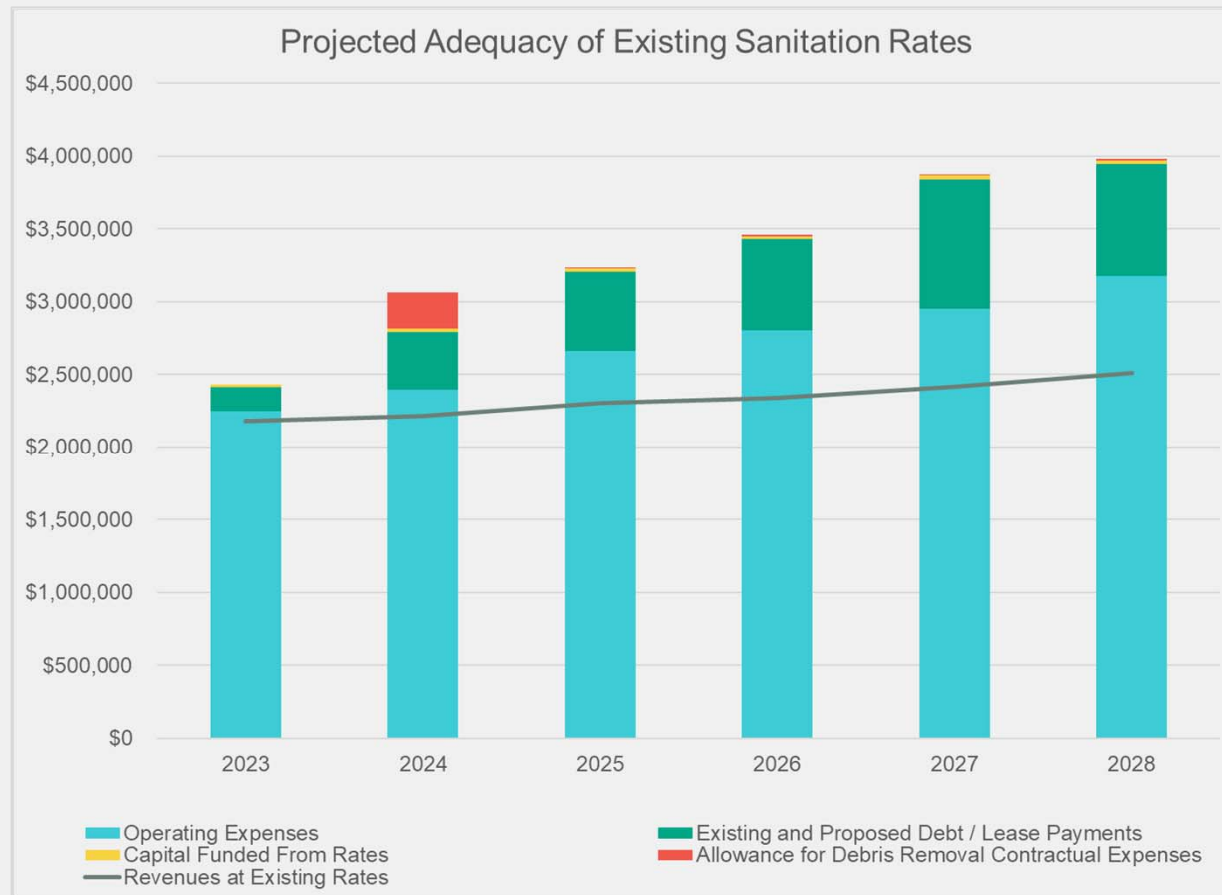
# Proposed Reserve Requirements

- 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
<b>Funds Total Program</b>					
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)	\$145.08	\$149.41	\$153.92	\$158.51	\$163.28
4 CY Dumpster – 1 Pickup / Week (\$196.04)	\$290.16	\$298.83	\$307.84	\$317.03	\$326.56
6 CY Dumpster – 1 Pickup / Week (\$294.06)	\$435.24	\$448.24	\$461.76	\$475.54	\$489.84

- *A schedule of proposed fees included at the end of this Executive Summary*



# Key Benefits Associated with the Proposed Solid Waste Rates

Reduced Risk Exposure to Town in its operation of the Solid Waste Utility by:

1. Operating the Utility as intended, without a reliance in Reserve funds
2. Establishing \$250K allowance for emergency operations/debris removal
3. Reducing dependence on high-cost service contracts to offset equipment/personnel shortages
4. Improving the Town's ability to attract/retain a high-skilled workforce



# Key Benefits Associated with the Proposed Solid Waste Rates

Reduced Risk Exposure to Town in its operation of the Solid Waste Utility by:

5. Reducing service disruptions caused by equipment/staffing shortages
6. Reducing maintenance costs for sanitation fleet
7. Maximizing the Town's return-on-investment by preserving solid waste fleet's market-value



# 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





## 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 21, 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



# Questions & Comments





# Approved FY-24 Dumpster Fee Schedule

Cubic Yards	1x/Week	2x/Week	3x/Week	4x/Week	5x/Week
0.5	---	72.54	---	---	---
2	145.08	290.16	435.24	580.32	725.40
3	217.62	435.24	652.86	870.48	1088.10
4	290.16	580.32	870.48	1160.64	1450.80
6	435.24	870.48	1305.72	1740.96	2176.20
8	580.32	1160.64	1740.96	2321.28	2901.60

- Fee per EA (1) dumpster
- Fees billed monthly directly to customers utilizing dumpster services.

