

Solid Waste Fund 426

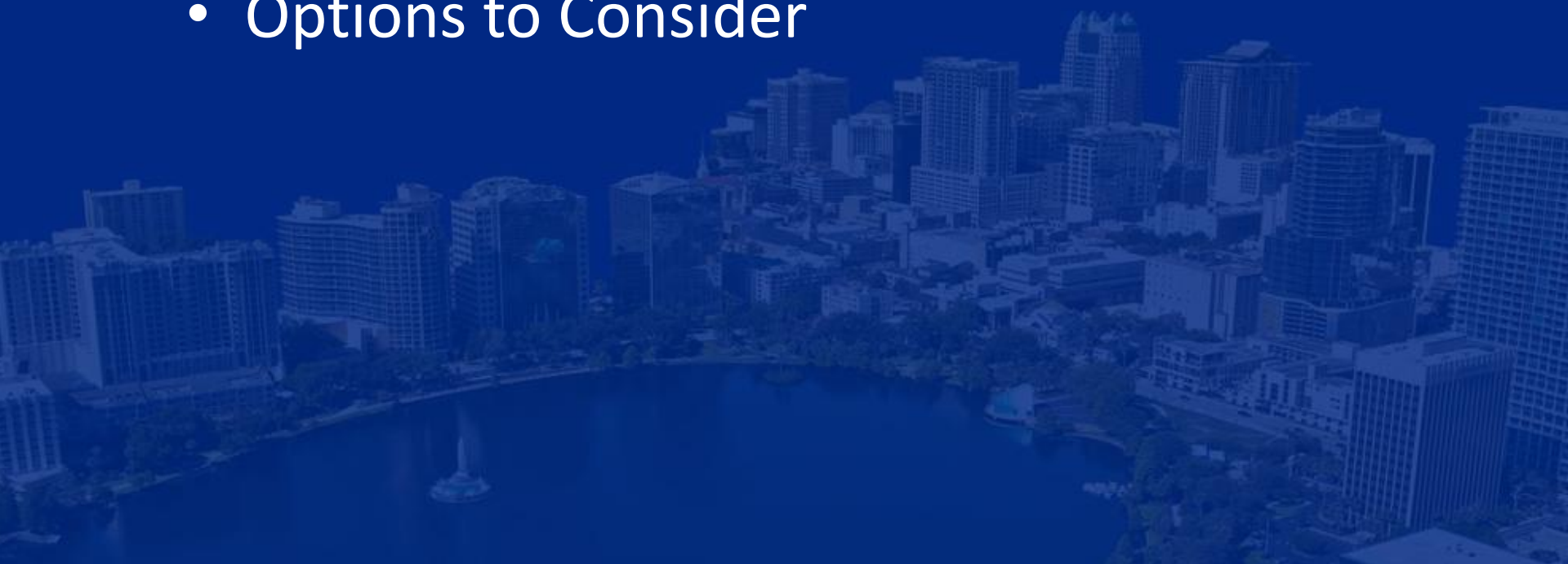
Status Report

City Council

May 24, 2010

Presentation Outline

- Overview of Solid Waste Services
- Financial Status
- Future Outlook
- Options to Consider



Solid Waste Basics

- Enterprise fund
- City Crews – exclusive franchise for:
 - Residential garbage yard waste & recycling
 - Commercial garbage dumpsters or carts
- Services provided
 - Commercial front load dumpsters
 - Residential garbage
 - Curbside residential recycling
 - Residential yard waste
 - Large items

History of Garbage Collection Service



History of Garbage Collection Service

- Backyard garbage collection until 1978
 - 5 man crews
- Curbside garbage in bags until 2005
 - 3 man crews
- Automated garbage in carts phased in over a 20 month period in 2005/2006
 - Driver only crew
 - Garbage collection twice per week

History of Recycling Service



History of Recycling Service

- Curbside recycling began in 1992
 - 2 Driver crew sorted @ curbside
- Dual stream recycling in 1996
 - Driver only crew
- Automated single cart recycling pilot
 - Lake Nona and Baldwin Park areas
 - Pick up every other week

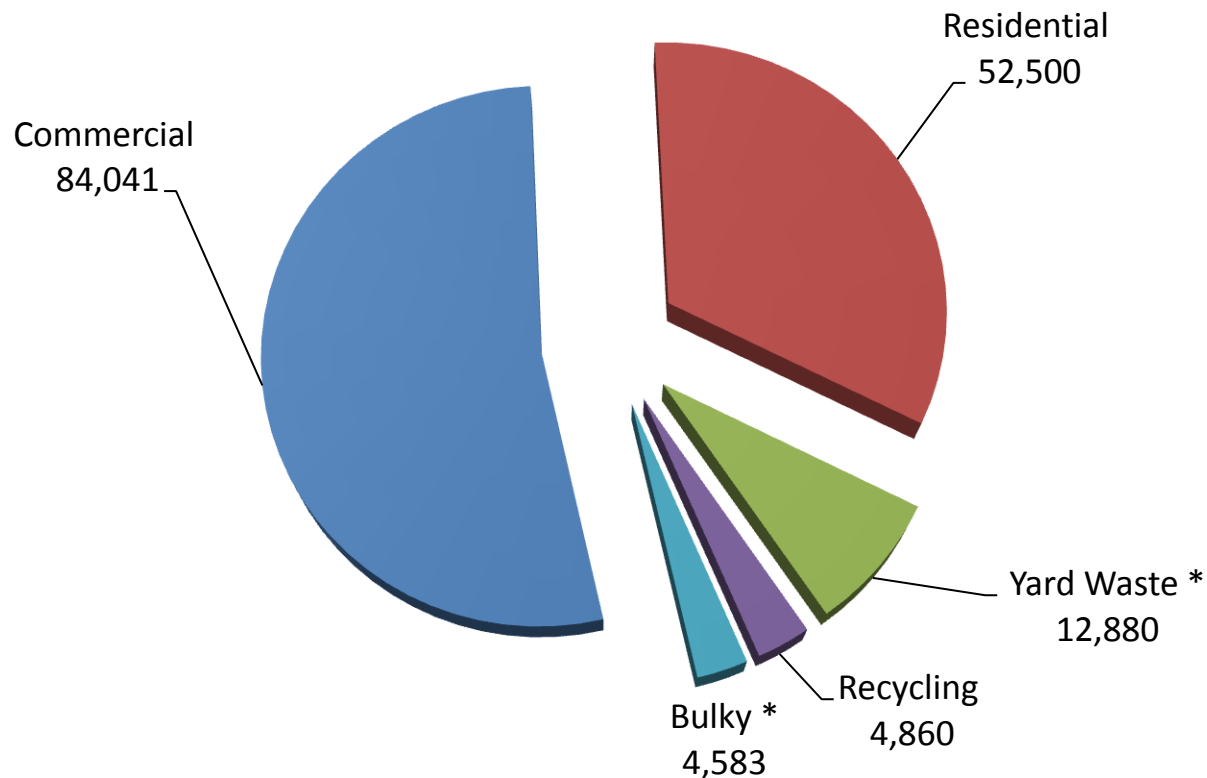
History of Yard Waste Service



History of Yard Waste Service

- Separate yard waste collection began in 1990 as required by Florida DEP rules
 - 3 man crew collect bags & bundles
- Claw truck for large items & unbundled piles
 - Driver only crew
- Picked up one time per week
- Began charging for large piles in 1997

158,863 Tons Collected in 2009



* Yard waste & white goods are also recycled

Reduction in Collection Expenses

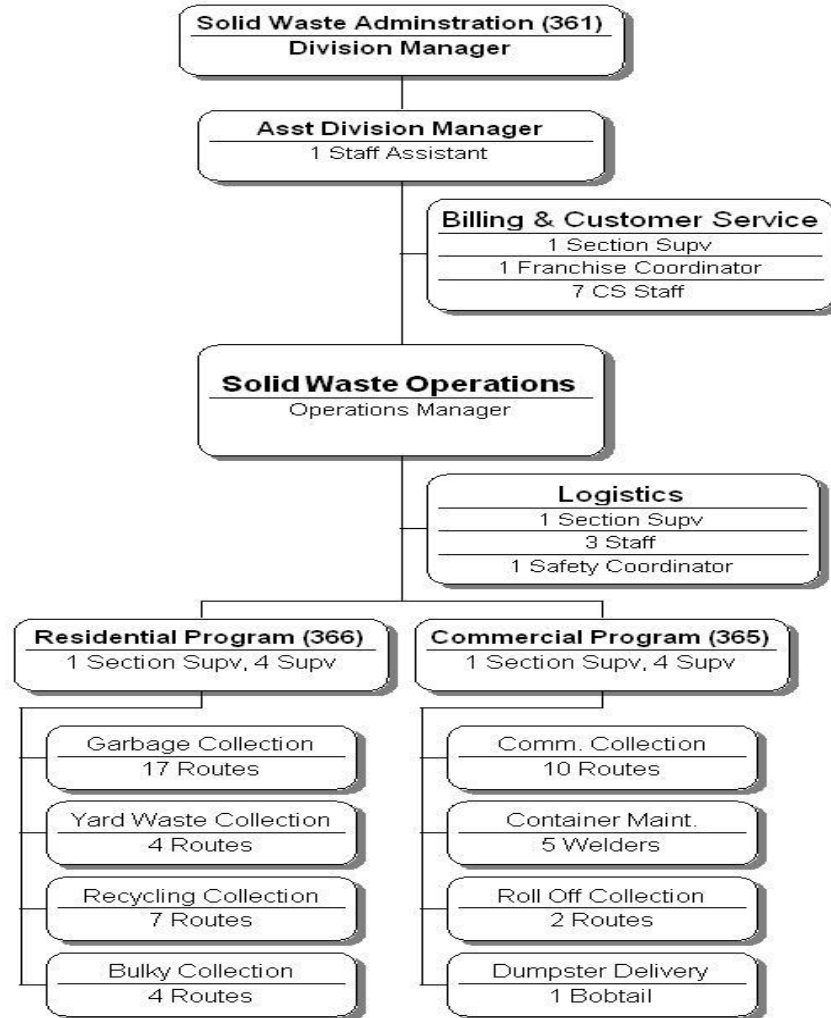
- Automated residential garbage collection
 - 20 collector positions eliminated over 3 year period
 - This saved over \$ 400,000 per year
- All positions were eliminated through attrition
- Additional benefits:
 - Significant reduction in injuries to crews
 - Neater streets on collection day
 - Reduced animal intrusion

Efficiencies Implemented

- Reduced yard waste crews – changes in yard waste days
- Eliminated hand sort of recycling at curb
- Began to use contract labor & RAP Team to fill daily labor needs
- Consolidated roll out dumpsters to reduce number of collectors on commercial trucks
- Reduced size of spare driver pool

Present Org Chart

Solid Waste Management Division - Fund 426



Operations Staffing

- Commercial - 15 Drivers & 3 Collectors staff
 - 10 dumpster routes (6 days per week)
 - 2 roll-off routes
- Residential – 36 Drivers & 10 Collectors staff
 - 15 automated & 2 manual garbage routes
 - 7 recycling routes
 - 4 yard waste routes
 - 4 claw truck routes
- Operations support

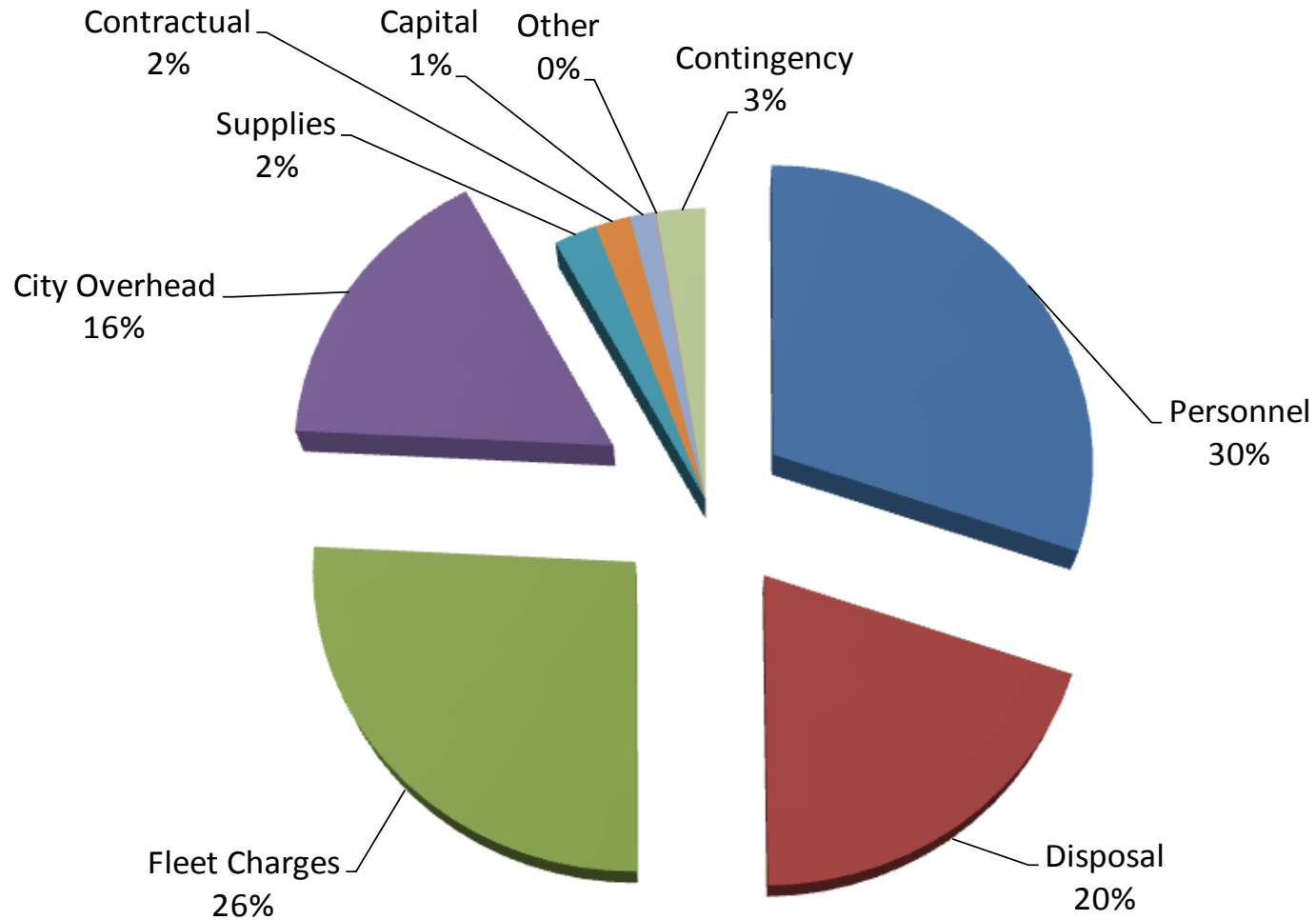
Customer Service & Support

- 7 Customer service staff
 - Customer calls, write work orders, billing
- 4 Field support staff
 - Radio dispatcher, supplies, vehicle coordinator
- 1 Safety coordinator
- 8 Area supervisors
 - Each responsible for all services & customer concerns for 1/8 of the City
- 4 Administrative staff
- *1 Franchise coordinator (General Fund)*

SW Budget Basics

- Personnel expenses
- Vehicle repairs, replacement, & fuel
- Disposal fees
- Admin fee & dividend (City overhead)
- Capital (large dumpsters & trucks)
- Billing fee
- Everything else

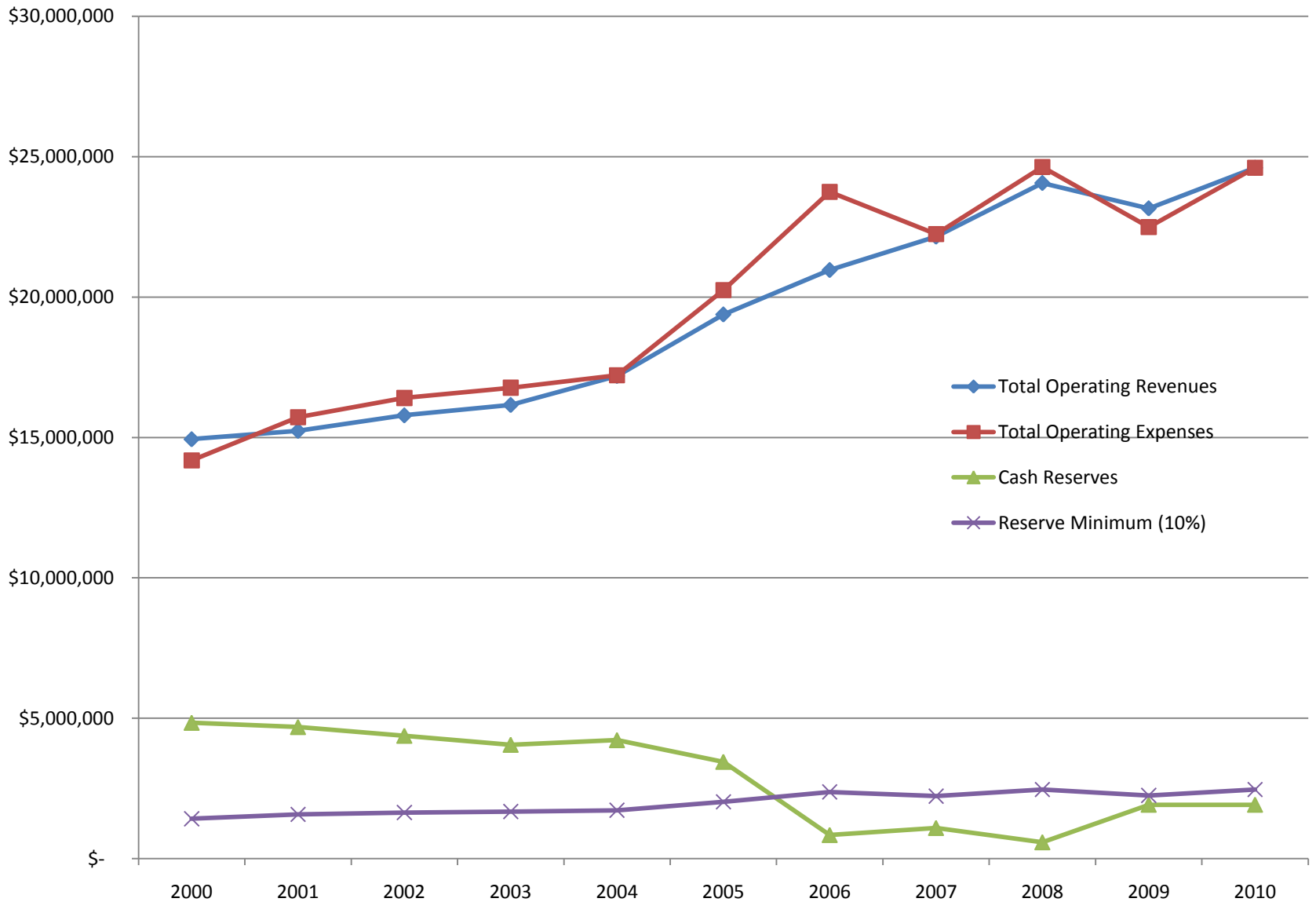
2009-10 Expense Budget



Changes in Costs 2000-2009

- Personnel costs have increased 50% (benefits)
- Health insurance has gone from \$1,800 to \$9,756 per employee
- City overhead (admin. fee and dividend) has increased \$ 2.88 million/yr, from 4.5% to 16.2 %
- Fuel - \$1.70 to \$2.82 per gallon (66% increase)
- Disposal fees have increased 13% (since 2007)
- Vehicle price has increased 34%, due mostly to EPA emission reduction requirements

10 Year History of Solid Waste Fund



Future Cost Concerns

- **OUC billing fee** - \$ 1.00 per month per bill
- **Disposal fees** – Orange County has approved 18% in planned increases over 3 yrs
- **Contract raises** – 2% to 3% per year
- **Benefits** – employee benefits like health insurance costs are expected to continue to increase
- **Fuel Prices** – as the economy rebounds increased demand for oil will drive fuel prices up

OUC Billing Fee

- From \$.15/bill in 2009 to \$1.00/bill in 2010
- This is an increase from \$104,400 to \$696,000 per year
- Increase from less than 1% to 6.4% of each residential bill
- Added expense of \$.85 per month per home
- Minor impact on average commercial bill of \$116.54/month

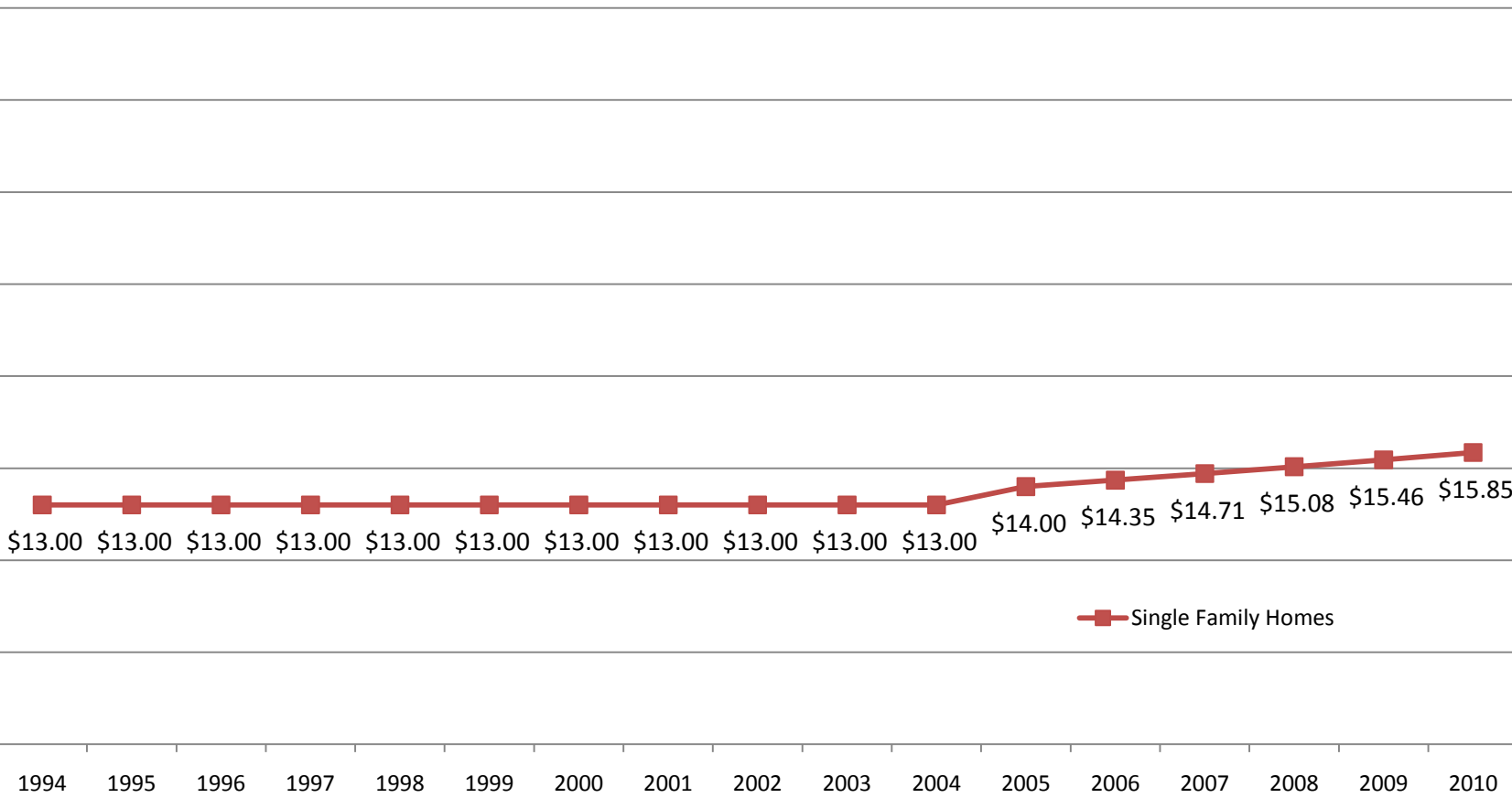
Orange County Disposal Fees

- The BCC has approved an 18% increase over 3 years
- In 2008 residential disposal fee increased from \$30.65/T to \$32.65/T
- In 2009 the rate increased to \$34.80/T
- A 6.5% increase is announced for fall of 2010
- Impact per home of \$.35 per month for each annual increase (2.2%)
- This would result in a 2.2% increase in the monthly bill for commercial customers

Fuel Increase

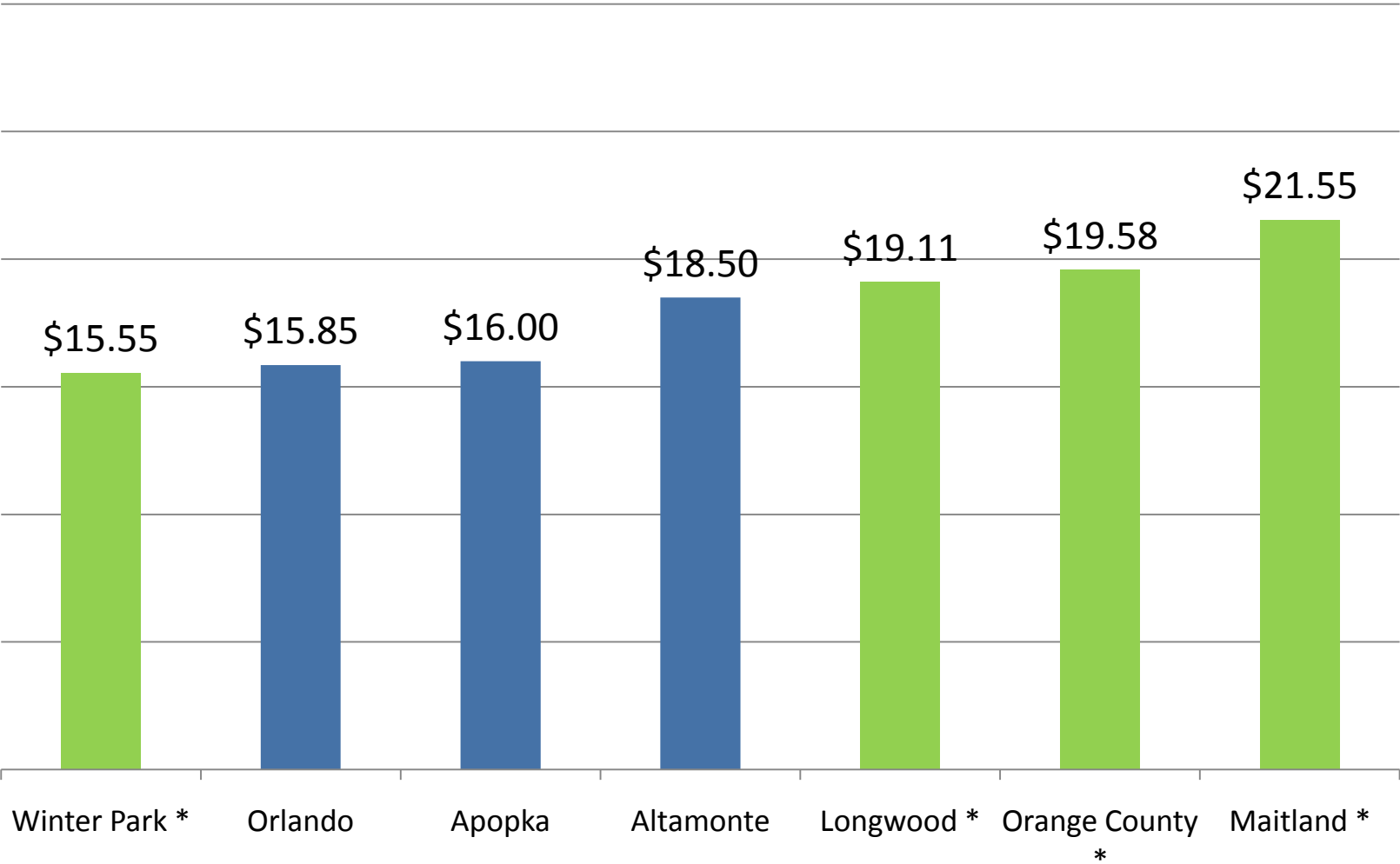
- In 2000 fuel was \$1.70 per gallon
- It has been as high as \$4.00 per gallon (2008)
- Impact of \$.50 per gallon increase in fuel would result in an increase of \$.22 per month per home
- If fuel goes back up to \$4.00/gallon, that would be an increase of \$.56 per month per home

Solid Waste Residential Rate History 1994 to 2010



Central Florida Residential Rate Comparison for 2010

- Orlando has one of the lowest residential rates in Central Florida
- All cities provide 2 garbage, 1 recycling, & 1 yard waste service



FY 09-10 Financial Status

FY 09-10 budget began with projected balanced budget of \$ 24,576,789

Budget assumptions for FY 09-10

Fuel price will remain under \$3.00 gallon

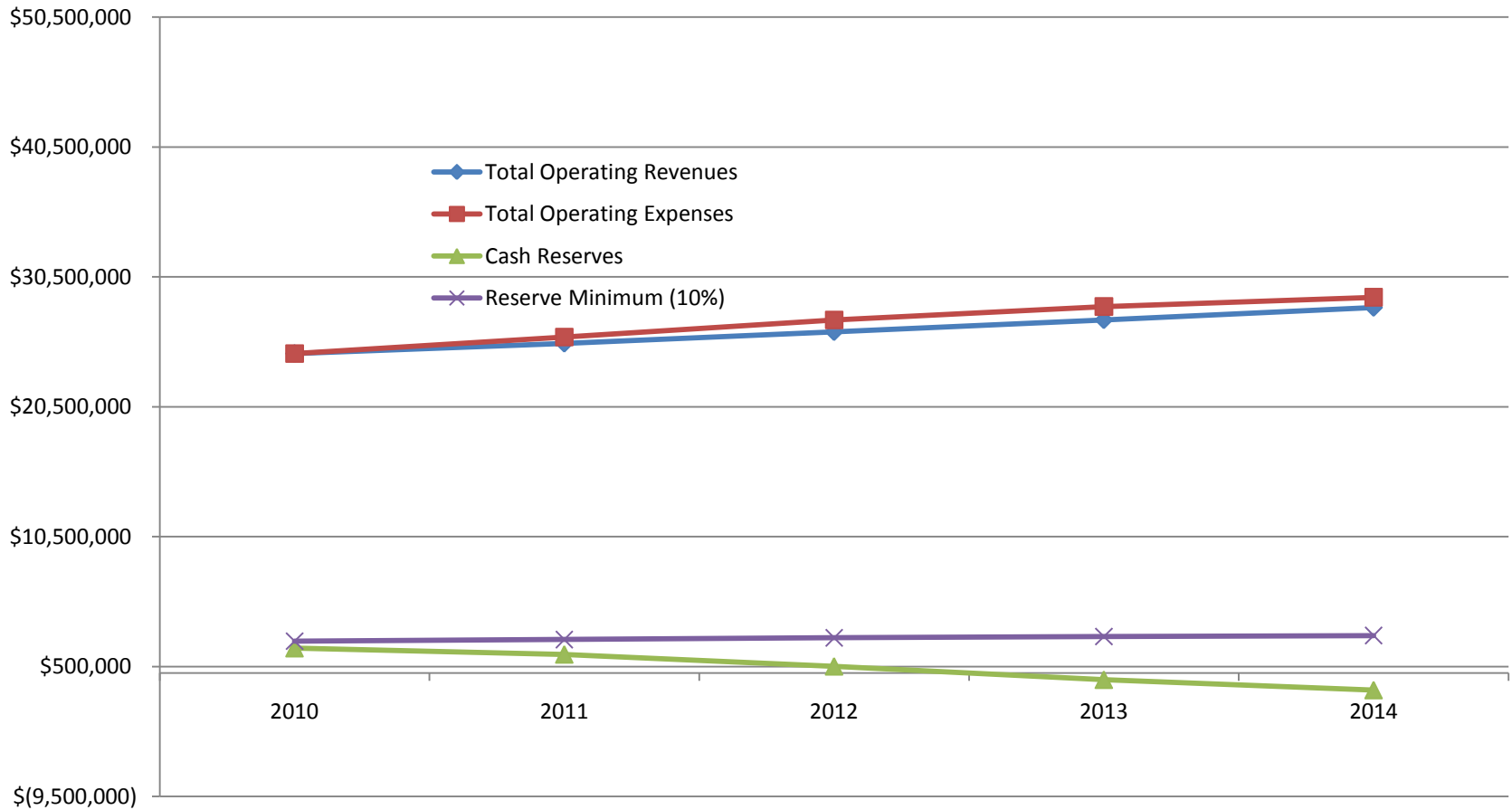
Single cart recycling will be implemented this year

Mid year projections show the possibility of a small surplus

Future Outlook

- Serious financial challenges ahead
 - County disposal increases
 - OUC bill fee
 - Fuel & benefits
- Projections show deficits in the SW Fund starting in FY 10/11
- Deficits continue going forward

SW Fund & Reserves Projections



Future of SW Fund

- Even with current 2.5% inflation adjustment, reserves are projected to be depleted in 2012
- Enterprise Funds should maintain a reserve of 10% to 20% per City Reserve Policy
- Operating deficits are projected to continue past 2014
- Challenges to SW Fund must be addressed this year, changes require time to implement

Cost Reduction Options

- Eliminate recycling collection - Save \$ 321,398/yr
- Once per week garbage – save \$ 747,504/yr in staff & vehicle charges
 - Eliminate 12 drivers
 - Upset many customers
- Switch billing method
 - Non-ad valorem assessment for residential customers
 - Keep OUC for commercial customers
 - Could save \$541,600/yr
- Reduce to once per week bulky collection - \$ 82,000/yr

Revenue Options

- Increase the annual inflation adjustment an additional 1.5% (additional \$367,540 next FY)
- Charge for all unbundled yard waste piles
 - \$ 65,000/yr in additional revenue
 - Save 1 claw truck route (\$48,000/ yr)
 - Many customers will bag & bundle to avoid charge
- Charge for all items not in cart
 - \$ 10 for any item not in cart
 - \$ 212,000/ yr in additional revenue
- Both could cause increase in illegal dumping

Future Plans

- Gasification of solid waste may result in slightly lower disposal fees
- The gasification project will put the City in a position to negotiate long term disposal rates
- Gasification will allow the City to discontinue separate recycling and yard waste pick up and save more than \$500,000 per year
 - Separation of recycling like metals & glass at gasification plant
 - E-waste & appliances recycled at gasification plant
 - Other waste recycled into synthetic gas that generates electricity
 - Results in over 90% recycling, exceeding proposed state goal of 75%
 - Produce green power in a cost effective & sustainable manner

Options

- Change level of SW service, weekly garbage collection, eliminate recycling, etc.
 - Weekly garbage collection saves \$ 750,000/yr
 - That buys a year and half (projected 2012 deficit is \$ 920,000)
- Billing fee cost – discuss options with OUC or move to tax bill as non-ad valorem assessment.
- Look at implementing a single increase (probably double digit percentage) to cover the next 4 years and waive annual inflationary adjustment for that period
- Increase annual inflationary adjustment an additional 1.5% and maintain healthy reserve of 10% or higher to cover price volatility of factors like fuel
 - Additional 1.5% = \$.24 per month per home

Staff Recommendations

- Billing fee cost – move residential fee to tax bill as non-ad valorem assessment.
 - The tax bill requires a Council decision by Jan. 2011 to implement in 2012
- Increase annual inflationary adjustment an additional 1.5%
 - Additional 1.5% = \$.24 per month per home
 - Maintain healthy reserve (10%) to cover factors like fuel
- Reduce large item collection to once per week
 - Save \$ 82,000 with small customer impact

Projection with Recommended Actions

