TO: Dr. Koultourides and Members of Council

FROM: Dustin Anderson, Town Manager

SUBJECT: Solid Waste Fee

DATE: April 19, 2021

Background
The Town charges residents a solid waste fee in each monthly water bill to cover the cost of municipal solid waste and recycling collection and disposal as well as for leaf and branch collection throughout the year.

The current rate of $19.43 per residential customer per month has remain unchanged since June 1, 2014. Increasing costs of solid waste operations have occurred for the past 7 years, including the re-bidding of the solid waste contract due to our previous contract expiring.

It is now incumbent upon the Town to appropriately increase the solid waste fee in an effort to cover actual costs of operation associated with the outsourced collection and disposal of solid waste (i.e. rubbish and recyclables – now under contract with Homewood Disposal Services (HDS), effective 5/1/21) as well as the inhouse collection and disposal of leaves and brush.

Methodology
Calculating our annual solid waste related cost of operations and comparing it against the revenue generated by the current $19.43 monthly solid waste fee, reveals a shortfall in annual revenue of $412,546. By spreading this shortfall across all 7,861 residents, it equates to $52.48 per year per household or a $4.37 per month per household increase required. The new rate would become $23.80 per residential customer per month, which equates to a 22.51% increase.

The calculation of the new proposed solid waste fee of $23.80 was derived as follows:

Annual Revenue
Solid waste fee of $19.43 x 7,861 households = $152,739 per month x 12 mos = $1,832,871

Cost of Operations

Refuse Disposal Expenses			
HDS Contract		$	1,740,425.00
Leaf			
	Labor	$	120,376.00
	Equipment	$	98,700.00
	Fuel	$	7,500.00
	Disposal	$	34,365.00
	Subtotal	$	260,941.00
Branch			
	Labor	$	121,766.00
	Equipment	$	95,260.00
	Fuel	$	10,000.00
	Disposal	$	15,525.00
	Subtotal	$	242,551.00
Transfer station		$	1,500.00
	Expense	**$**	**2,245,417.00**

Shortfall
Revenue of $1,832,871 minus Expenses of $2,245,417 = $412,546 shortfall

Increase Needed
Shortfall of $412,546 divided by 7,861 households = $52.48 per year or $4.37 monthly per household

New Proposed Rate
Existing Rate of $19.43 + $4.37 = $23.80 NEW PROPOSED RATE (22.51% increase over existing rate)

While the proposed Solid Waste Fee will cover the aforementioned solid waste related cost of operations, it should be noted that current maintenance costs associated with ongoing landfill maintenance, regulatory compliance and gas recovery operations there, while associated with solid waste operations are currently being funded by other appropriate reserve funds and fund balance on hand for this purpose. This may need to be reassessed in the future should such funds become unsustainable over time.

Consideration should also be given to a future review of how the Town recovers its leaf collection costs from commercial, institutional, non-profit and multi-family properties that are not currently charged for leaf collection as a part of their utility bill.

Finally, this proposed solid waste fee increase will only cover the projected cost of 2021 solid waste operations, under the current HDS contract beginning May 1, 2021 through April 30, 2022. For the next four years after that (assuming the Town exercises the extra 2 possible option years), there will be a 4% increase yearly through the 2025/26 final contract year. It is prudent for the Town to consider smaller annual incremental increases in the solid waste fee to recover future predictable cost increases of this

nature. By allowing de facto rate hike moratoriums that result in larger revenue gaps at a later time, which present a greater financial burden for both the Town and its residents to grapple with.

Recommendation

By motion and roll-call vote adopt Ordinance 1824 entitled: AN ORDINANCE AMENDING SCHEDULE "A," A NON-CODIFIED PORTION OFTHE MUNICIPAL CODE, AMENDING FEES FOR REFUSE DISPOSAL on second read.