

TO: Councilor Gardiner and Members of Council

FROM: Dustin Anderson, Town Manager

SUBJECT: Solid Waste Fee - Ordinance 1824

DATE: October 17, 2022

Background

The Town charges residents a solid waste fee in each monthly water bill. This fee covers the cost of municipal solid waste and curbside recycling collection and disposal through Homewood Disposal Services (HDS) as well as for leaf and branch collection (which is an in-house service by Public Works) throughout the year.

The current rate of \$23.80 per residential customer per month was made effective May 1, 2021.

Staff monitors the cost of provide leaf and branch collection so that we can be reasonably sure that residents are neither over- or under-charged.

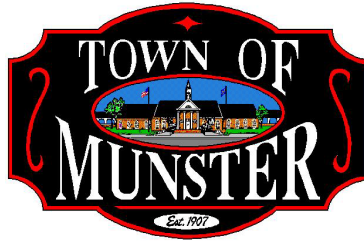
Methodology

Calculating our annual solid waste related cost of operations and comparing it against the revenue generated by the current \$23.80 monthly solid waste fee, reveals a shortfall in annual revenue of \$30,918. By spreading this shortfall across all 7,879 residents, it equates to \$3.92 per year per household or \$0.33 per month per household, which is the required increase to prevent such shortfall. The new solid waste fee would become \$24.13 per residential customer per month, which is a 1.39% increase.

Calculations

Annual Revenue

Solid waste fee of \$23.80 x 7,879 households (as of 5/1/22) = \$187,520 per month x 12 months = \$2,250,240



Cost of Operations

Refuse Disposal Expenses		
2023	HDS \$	1,862,912
Contract		
Leaf	2021	
	Labor	\$ 64,373
	Equipment	\$ 70,920
	Fuel	\$ 7,251
	Disposal	\$ 49,400
	Subtotal	\$ 191,944
Branch 2021		
	Labor	\$ 87,209
	Equipment	\$ 100,940
	Fuel	\$ 10,053
	Disposal	\$ 28,100
	Subtotal	\$ 226,302
	Transfer station	\$ N/A -fee paid by Parks
	Expense	\$ 2,281,158

Shortfall

Revenue of \$2,250,240 minus Expenses of \$2,281,158 = \$30,918 shortfall

Increase Needed

Shortfall of \$30,918 divided by 7,879 households = \$3.92 per year or \$0.33 monthly per household

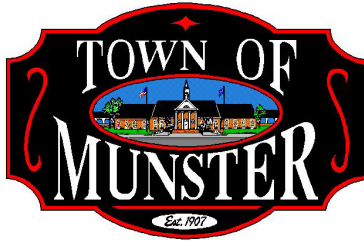
New Proposed Rate

Existing Rate of \$23.80 + \$0.33 = \$24.13 NEW PROPOSED RATE (1.39% increase over existing rate)

The proposed Solid Waste Fee is based on 2021 historical costs and the known HDS contract cost for 2023 but may not cover the actual costs of 2023 operations since those are unknown and likely to increase. Additionally, 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 that purpose. This may need to be reassessed in the future should such funds become unsustainable over time.

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, might also be considered.

It will likely be prudent for the Town to annually consider regular modest annual incremental increases to keep pace with the 4% annual HDS contract rate hikes and other operational costs likely to increase. This will allow necessary adjustments to be made in bite-sized chunks that may be perceived as more reasonable and manageable than fewer, yet larger rate hikes needed at a later time to compensate for



growing revenue gaps that otherwise will occur.

If approved, new solid waste rates will be made effective on January 1, 2023.

Recommendation

By motion and roll-call vote approve Ordinance # 1881 AN ORDINANCE AMENDING SCHEDULE "A" FOR REFUSE DISPOSAL on first reading and set for second reading at the first meeting of Council in November.