



Solid Waste Rate Study

Planning for the Future

January 2015



kessler consulting inc.
innovative waste solutions

Background

- Solid Waste Division has not adjusted collection service rates since 2006
- Rising expenses, including fleet replacement, have exceeded revenue for the past 3 years
- Sought assistance from Kessler Consulting, Inc. (KCI) to guide the City in setting rates that would allow policy goals to be met

Current System

- Residential

- Garbage: 2x/wk
- Recycling: 1x/wk
- Yard Waste: 1x/wk
- Bulk Waste: 2x/year (*on-call for \$20/cubic yard*)

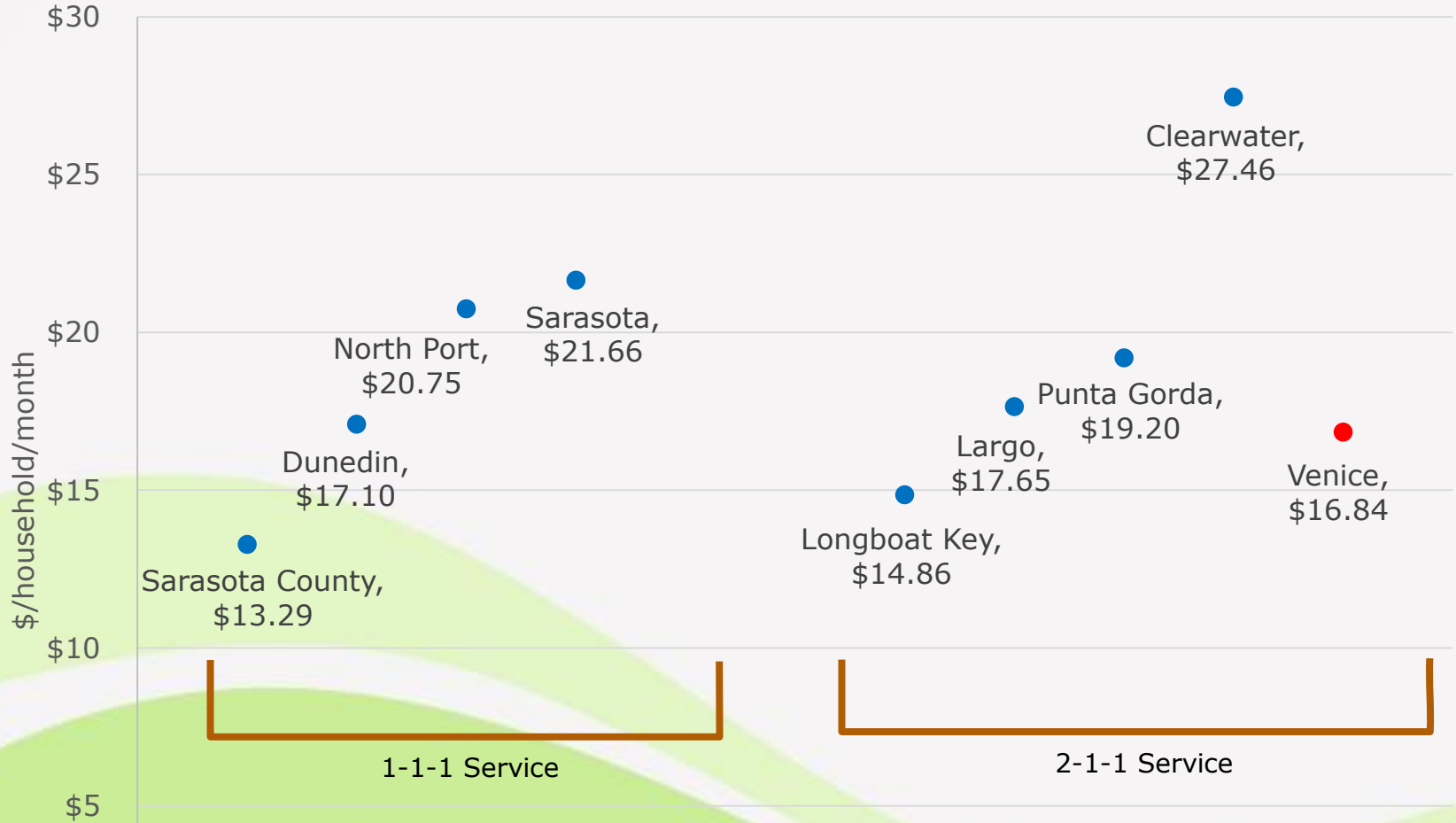


- Multi-Family/Commercial

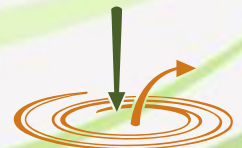
- Garbage:
 - Dumpster service (1-6x/wk; 1-8 cy)
 - 2x/wk can service (2 cans/bags max)
- Recycling:
 - 1x/wk bin/cart/bundle; scheduled dumpster)

- Roll-off Service (scheduled & on-call)

Residential Rate Comparison*



* Direct comparison between rates is cautioned due to differences in level of services, types of services provided, contract terms, and local community demographics and size, all of which impact costs and rates. In addition, rates charged do not necessarily reflect actual cost of services.



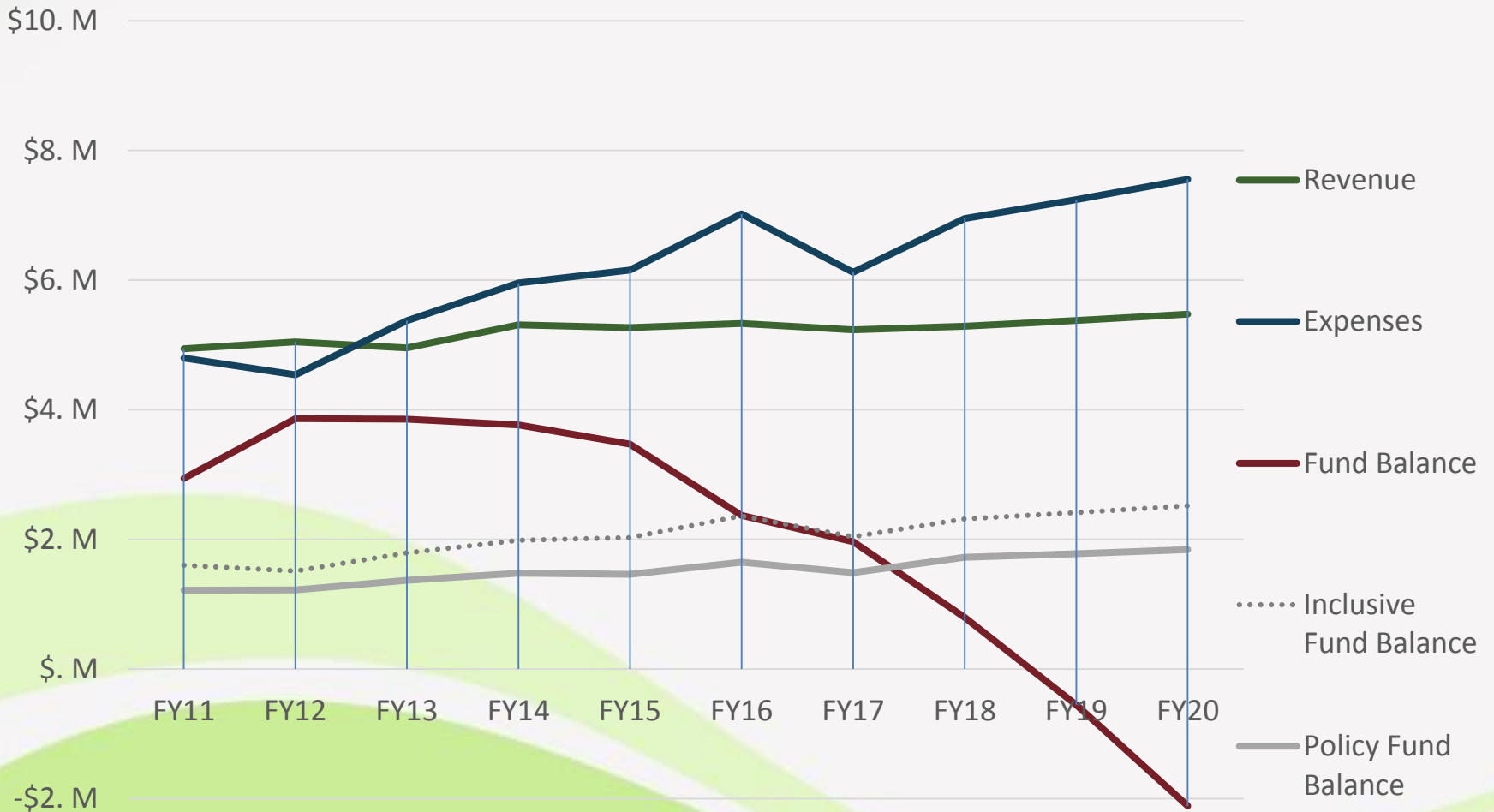
kessler consulting inc.
innovative waste solutions

Rate Comparison*

Type of Service	Venice Rate	Neighboring Jurisdictions
Commercial (per cubic yard)	\$5.57 - \$52.20	\$4.14 - \$70.10
Roll-Off (per pull)	\$80.00 - \$150.00	\$130.00 - \$894.33

* Direct comparison between rates is cautioned due to differences in level of services, types of services provided, contract terms, and local community demographics and size, all of which impact costs and rates. In addition, rates charged do not necessarily reflect actual cost of services.

Baseline



Conclusion

- Expenses exceed revenue
- Current rate structure not sustainable to meet fleet replacement requirements
- Fund balance is not sufficient to provide cushion for potential high growth
- At current rate, fund balance will drop below policy-required level in FY2018

Current Cost of Services

	Estimated Cost of Services	2015 Rates**	% Est Cost of Services/Rate
<i>Garbage Services</i>			
Residential Can Service	\$16.08	\$9.56	168.2%
Commercial Can Service	\$16.08	\$9.56	168.2%
Commercial Dumpster Service*	\$26.70	\$33.70	79.2%
<i>Recycling Services</i>			
Residential/MF - DS 14G Bins + Yard Waste	\$8.88	\$7.28	122.0%
Commercial - DS 14G Bins	\$6.10	\$7.28	83.8%
Commercial - DS 94G Carts	\$23.79	\$28.02	84.9%
Commercial Dumpster Service*	\$10.70	\$17.06	62.7%
<i>Roll-Off Services</i>			
Per Pull	\$175.21	\$90.00	194.7%

* STD service was used to compare the estimated costs of service to current rates for commercial dumpster service.

** 2015 Rates for commercial dumpster service were adjusted to reflect the actual rate for the estimated average cubic yard per collection event.

Recommendations

- Finance fleet purchases beginning FY2017
- Adjust roll-off service rates
- Adjust residential rates (3 rate scenarios)
- Engage task group to provide input and recommendations for rate equity policy and service options
- Review and revise the rate model yearly to evaluate the fund balance position based on actual/projected growth
- Update the cost of services analysis in 3 years to integrate any service options implemented

Recommended Roll-Off Rates

Collection Service*	Current Rate Short Term/Long Term	Recommended Rate
Uncompacted Service		
Pull Charge (per pull)	\$100.00/\$80.00	\$200.00
Rental Charge (per day)	\$2.50/\$1.25	N/A
Monthly Service Fee**	N/A	\$75.00
Compacted Service		
Pull Charge (per pull)	\$150.00	\$250.00
Rental Charge (per day)	\$2.50	N/A
Monthly Service Fee**	N/A	\$75.00

* Disposal is not included. Disposal is based on the prevailing tip fee and is a pass through cost to the customer.

** Monthly service may be waived if the container is serviced weekly.

Rate Comparison – By Service

Jurisdiction	Uncompacted 20cy 1x/wk	Uncompacted 20cy 1x/mo	Compacted 30cy 1x/wk
City of Venice (Current rates)	\$383.90-\$508.00	\$117.50-\$175.00	\$724.50
City of Clearwater	\$699.42	\$279.98	\$637.12
City of Dunedin	\$1,109.39	\$376.21	N/A
City of Largo	\$619.19	\$143.00	\$866.00
City of North Port	\$807.70	\$281.13	\$869.93
Town of Longboat Key	\$954.28	\$358.18	\$1,525.03
Sarasota County	\$941.80	\$307.73	\$1,352.40
City of Venice (Recommended rates)	\$866.00	\$275.00	\$1,082.50

Rate Adjustments

- The City's rates have not been adjusted since 2006
- Regular rate adjustments help to cover escalating expenses
- CPI is typically used as a escalator
- CPI-adjusted residential rates:
 - FY2006 Rate = \$16.84
 - FY2016* Rate = \$20.94 (24% increase)
 - FY2020** Rate = \$22.85 (36% increase)

* Actual CPI used to adjust rate

** Projected CPI = 2.21% (based on 10-year actual average)

Recommended Residential Rates

Assumptions:

- Adjust until revenues \geq expenses
- Do not exceed cost of services

Year	Scenario 1	Scenario 2	Scenario 3
FY2016 (mid-year)	15%	25%	10%
FY2017	5%	2.5%	10%
FY2018	5%	2.5%	5%
FY2019	5%	2.5%	5%
FY2020	5%	2.5%	5%
Total	30%	30%	30%

Residential Rate Scenario 1

Year	% Increase	\$ Increase	Total Rate
FY2016 (mid-year)	15%	\$2.52	\$19.36
FY2017	5%	\$.97	\$20.33
FY2018	5%	\$1.02	\$21.35
FY2019	5%	\$1.07	\$22.42
FY2020	5%	\$1.12	\$23.54
		\$6.70 total \$1.34/yr avg	

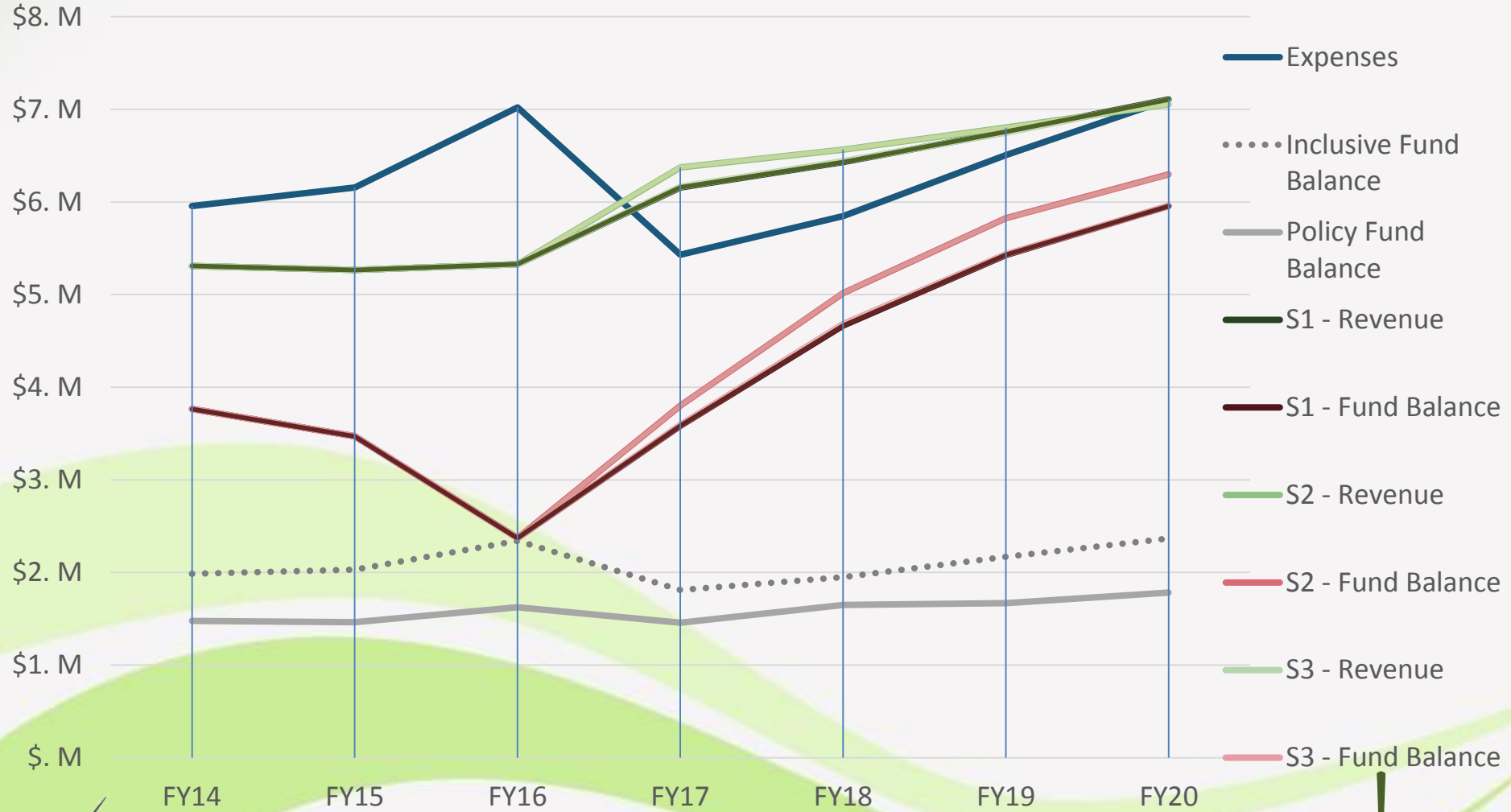
Residential Rate Scenario 2

Year	% Increase	\$ Increase	Total Rate
FY2016 (mid-year)	25%	\$4.21	\$21.05
FY2017	2.5%	\$0.53	\$21.58
FY2018	2.5%	\$0.54	\$22.12
FY2019	2.5%	\$0.55	\$22.67
FY2020	2.5%	\$0.57	\$23.24
		\$6.40 total \$1.28/yr avg	

Residential Rate Scenario 3

Year	% Increase	\$ Increase	Total Rate
FY2016 (mid-year)	10%	\$1.69	\$18.53
FY2017	10%	\$1.85	\$20.38
FY2018	5%	\$1.02	\$21.40
FY2019	5%	\$1.07	\$22.47
FY2020	5%	\$1.13	\$23.60
		\$6.76 total \$1.35/yr avg	

Residential Rate Scenarios



Service Options & Budget Impacts

Description of Issues	Estimated Impact on Annual Budget Costs*
Negative Impact	
Division Facility	High-Moderate
Residential Seasonal Credits	Moderate-Low
Residential Bulky Waste Collection	Low
Positive Impact	
CNG Conversion	Neutral - Low
Residential Automated Garbage Collection	Low - Moderate
Single-Stream Recycling	Moderate
Residential Pay-As-You-Throw	Moderate
Unknown Impact	
Privatization	

* Based on current rates and average baseline revenue and expenses for FY2017-FY2020
 Magnitude: Low = <1%; Moderate = 1-4%; High = >4%

Questions?

Thank you!