

CITY OF VENICE
SOLID WASTE AND RECYCLING RATE STAKEHOLDER'S WORK GROUP

RATE RECOMMENDATIONS TO CITY COUNCIL
APRIL 25, 2017

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Presented By: Lee Lichtle, Chair

With: John Veneziano, City Public Works Director
Joe Welch, City Controller



How We Got Here

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- The Kessler Consulting, Inc. Solid Waste (SW) Rate Study was presented to City Council in January 2016
- Current rates were not recovering SW department costs
- Cash/fund balances were expected to deteriorate significantly
- Capital replacement was not being adequately funded
- Kessler's recommendation was to increase residential and commercial "can service" rates by significant amounts - three possible scenarios (#1 was 15% in year 1 + 5%/yr. for 4 yrs.)
- And they recommended doubling roll-off rates from \$100 to \$200

City Council Formed the Stakeholder's Group

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- Per Resolution 2016-06 the SW & Recycling Rate Stakeholder's Work Group was created.
- **Members appointed by the Director of Public Works**



Members

- Lee Lichtle, Chair
- Fred Francis
- Jerry Jasper
- Jack Oros
- Mike Pachota
- Tony Pinzone
- Deb Reynolds

Progress of the Stakeholder's Group

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- Per Resolution 2016-06, the Stakeholder's Group was tasked with:
 - Working with the consultant (Kessler) and City staff
 - Engage in a study of the SW and recycling financial plan
 - Including its schedule of rates and services provided
- We held monthly meetings
- We received presentations from consultants and City staff (PW and Finance)
- On September 13, 2016, we recommended an initial 5% increase in all SW and recycling rates effective 10/1/16 (this was adopted for FY17)
- Today, we are recommending the City Council enact additional increases effective 10/1/17 (FY18) and subsequent years.
- We will conclude our responsibilities and dissolve the Stakeholder's Group

Our Recommendations:

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- Can Service (residential and commercial) - collection and recycling - recommended increases:
 - 10/1/17: 5% (e.g., standard can svc from \$17.68 to \$18.56 per month)
 - 10/1/18: 5% (e.g., standard can service to \$19.49 per month)
 - 10/1/19: 4% (e.g., standard can service to \$20.27 per month)
 - 10/1/20: 3% (e.g., standard can service to \$20.88 per month)
 - 10/1/21: 1% (e.g., standard can service to \$21.09 per month)
- Roll-offs - recommended increases (100% over two years):
 - 10/1/17: 50% (e.g., short-term per pull charge from \$105 to \$157.50)
 - 10/1/18: 33% (e.g., short-term per pull charge to \$210 per pull)
- Eliminate fee for special household collections
- No changes to commercial dumpster rates



Garbage Monthly Collection & Disposal Rate Comparison (Including Recycling)

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- 1-1-1 City of Clearwater \$27.76 (Fy17)
- 1-1-1 City of Sarasota \$22.66 (Fy17)
- 2-1-1 City of Punta Gorda \$21.20 (Fy17)
- 1-1-1 City of North Port \$20.75 (Fy17)
- 2-1-1 City of Venice (proposed) \$19.49 (Fy18)
- 2-1-1 City of Venice (existing) \$18.56 (Fy17)
- 2-1-1 City of Largo \$17.65 (Fy17)
- 1-1-1 City of Dunedin \$17.37 (Fy17)
- 2-1-1 Town of Longboat Key \$14.86 (Fy15)
- 1-1-1 Sarasota County (unincorp) \$13.29 (Fy15)



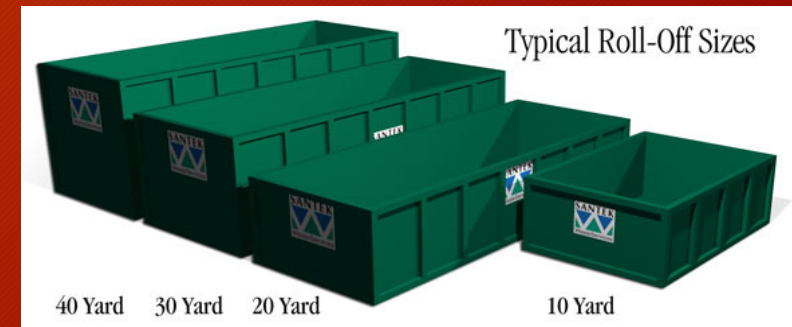
(Legend = pickups per week: garbage-recycling-yard waste)

Standard Roll-off Rate Comparison (pull + container fee - e.g., 30CY - per pull)

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- Sarasota County \$190.41 + 175.97 one time (Fy15)
- City of Dunedin \$329.19 per pull + \$4.00 per day (Fy15)
- Town of Longboat Key \$303.60 + \$93.47 one time (Fy15)
- City of Venice (proposed) \$210.00 per pull + \$5.26 per day (Fy19)
- City of North Port \$158.13 + \$4.10 per day (Fy15)
- City of Largo \$157.00 + 15% franchise fee (Fy15)
- City of Venice (proposed) \$157.50 per pull + \$3.95 per day (Fy18)
- City of Clearwater \$127.95 + \$103 per mo. (Fy15)
- City of Venice (existing) \$105.00 per pull + \$2.63 per day (Fy17)

FY15 = Last year we had information (Kessler study)



Basis for Recommendations

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- Kessler's "cost of service" study showed residential and roll-off rates were not recovering the full costs of these activities
- Kessler's revenue and expense projections in their rate study showed a significantly deteriorating fund balance
- The residential vs. commercial "rate equity" component was reviewed in depth by SH Group
- We looked at and considered the comparisons of the City's current and proposed rates to the other jurisdictions in the Kessler study.
- We had many discussions with City PW staff on their operations, costs, capital needs, and rates.
- The funding of future and deferred capital needs was discussed at length (due to current fleet age, some financing will be necessary)
- We had the City's Finance Team confirm the deteriorating fund balance projections and prepare a presentation with 7 year forward projections.
- Finally, we worked with an interactive rate model to assure the recommended rate would provide revenue sufficiency



What these Rate Changes will Achieve

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- Funding of a Fleet purchase and replacement program for SW vehicles, including a depreciation reserve (except for a half dozen trucks that may require financing)
- Will fund approx. \$135K/yr in debt service on a possible new dedicated facility
- Cash will dip to a low of around \$1.7M at the end of FY19 and FY20 (31% of operating expenses + admin fees), but will recover thereafter (this excludes cash in the fleet replacement program)
- Kept twice per week collections, did not overcharge commercial customers, and rates will still be competitive



HISTORIC AND PROJECTED CASH FLOWS
SOLID WASTE FUND
CITY OF VENICE

Res	100.00%
Comm	0.00%

Assumptions:

Growth----->	2.0%	2.0%	2.0%	2.0%	1.5%
Inflation----->	3.0%	3.0%	3.0%	3.0%	3.0%
RO Attrition-->	5.0%	5.0%	0.0%	0.0%	0.0%
Staffing----->	0.0%	0.0%	5.0%	0.0%	5.0%

	CAFR	CAFR	CAFR	BUDGET	Calculated	Rate	2018	Rate	2019	Rate	2020	Rate	2021	Rate	2022
	2014	2015	2016												
	Actual	Actual	Actual	Budget	Projected	10/1/17	Projected	10/1/18	Projected	10/1/19	Projected	10/1/20	Projected	10/1/21	Projected
REVENUES															
					Res	5.0%		5.0%		4.0%		3.0%		1.0%	
					RO	50.0%		50.0%		0.0%		0.0%		0.0%	
					Comm	0.0%		0.0%		0.0%		0.0%		0.0%	
TOTAL REVENUES	5,308,974	5,266,206	5,354,289	5,281,474	5,701,218		6,185,917		6,828,924		7,118,902		7,383,448		7,574,290
OPERATING EXPENSES															
Personal Services	1,521,703	1,505,183	1,460,169	1,789,194	1,789,194	0.0%	1,842,870	0.0%	1,898,156	5.0%	2,052,856	0.0%	2,114,441	5.0%	2,286,768
Insurance	256,584	257,832	248,796	257,248	257,248		264,965		272,914		281,102		289,535		298,221
Professional/Contractual	1,050,813	1,063,817	1,308,462	1,175,197	1,175,197		1,210,453		1,246,766		1,284,169		1,322,695		1,362,375
Repair and Maintenance	611,576	650,817	626,754	592,519	592,519		610,295		628,603		647,462		666,885		686,892
Utilities	9,439	11,471	11,124	16,623	16,623		17,122		17,635		18,164		18,709		19,271
Other Services and Charges	426,719	365,378	306,515	626,072	626,072		644,854		664,200		684,126		704,650		725,789
Depreciation	553,918	594,282	550,270	-	-		-		-		-		-		-
TOTAL OPERATING EXPENSES	4,430,752	4,448,780	4,512,090	4,456,853	4,456,853		4,590,559		4,728,275		4,967,879		5,116,915		5,379,316
CAPITAL AND TRANSFERS															
Administrative Fees	751,567	913,634	921,030	571,425	571,425		588,568		606,225		624,412		643,144		662,438
Capital Outlay (Auto cans)	-	-	-	125,000	125,000		175,000		185,000		15,000		15,000		15,000
Transfers to Fleet	-	855,000	1,230,000	710,000	710,000		1,491,415		1,616,678		1,519,263		1,360,880		1,253,360
TOTAL CAPITAL AND TRANSFERS	751,567	1,768,634	2,151,030	1,406,425	1,406,425		2,254,983		2,407,903		2,158,674		2,019,024		1,930,798
TOTAL OUTFLOWS	(5,182,319)	(6,217,414)	(6,663,120)	(5,863,278)	(5,863,278)		(6,845,541)		(7,136,179)		(7,126,553)		(7,135,939)		(7,310,114)
SURPLUS (SHORTFALL)	126,655	(951,208)	(1,308,831)	(581,804)	(162,060)		(659,624)		(307,254)		(7,650)		247,509		264,176
POOLED CASH - BEGINNING	4,367,272	4,555,109	3,655,653	2,893,295	2,893,295		2,731,235		2,071,611		1,764,357		1,756,706		2,004,215
POOLED CASH - ENDING	4,555,109	3,655,653	2,893,295	2,311,491	2,731,235		2,071,611		1,764,357		1,756,706		2,004,215		2,268,391
Cash as % of OPER EXP + ADMIN (Minimum target balance is 33%)	88%	68%	53%	46%	54%		40%		33%		31%		35%		38%

Conclusion

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- Questions?
- Ask for approval.

