



MEMORANDUM TO VENICE CITY COUNCIL

THROUGH CHARTER OFFICER: Edward Lavallee, City Manager

FROM: Ricky Simpson, Director of Public Works, and Asset Management

DEPARTMENT: Public Works

DATE: 09/02/2024

MEETING DATE: 9/10/2024

EL 9/4/24

A handwritten signature in black ink, appearing to be "R. Simpson", written over the printed name.

SUBJECT / TOPIC: Solid Waste Rate Study Presentation

BACKGROUND INFORMATION:

Establishing an adequate financial plan is an important component in a well-managed solid waste and recycling operation. A well-designed financial plan provides sufficient funding to allow the Solid Waste and Recycling Department to build, operate, maintain, and reinvest in all aspects of operational and administrative components. Properly and adequately funded solid waste and recycling systems also allow for the economic development and sustainability of the local community.

Over the last several years, the Solid Waste and Recycling Department has developed its financial plan and its rate structure to build financial stability and to meet current and future financial needs. The department worked with a rate consultant to conduct a rate study in FY 2024. This work also included significant input and recommendations from City residents through the participation of The Solid Waste and Recycling Rate Study Stakeholders Work Group.

The Solid Waste and Recycling Rate Study Stakeholders Work Group, our rate consultant, public works staff, and finance staff met on three occasions in 2024 (07/16/24, 08/15/24, and 08/29/24) to discuss current solid waste and recycling rate structures, customer categories, related fees, cost-of-service, capital needs, new initiatives, and a financial plan for the next five years. Through this process, we identified the financial management plan and associated plan of annual solid waste and recycling rate revenue increases presented in Table I. There have been no increases in the cost of services in the last two years and the department has managed the financials well through recent challenging years (Hurricane Ian, inflation, etc.). The department is currently in the process of designing and constructing a new facility. Without rate increases, working capital reserves will fall below the minimum requirement in FY25 and below \$0 at end of FY26. Working capital reserves are needed to meet revenue requirements for significant capital projects and increasing operating costs. At the current rates, costs are exceeding revenue.

Table 1 - Fiscal Year - Rate Adjustment					
	FY-2025	FY-2026	FY-2027	FY2028	FY-2029
Residential	16.0%	3.0%	3.0%	3.0%	3.0%
Commercial	16.0%	3.0%	3.0%	3.0%	3.0%
Roll-Off Pull Charge	\$10.00	\$8.00	\$6.00	\$5.00	\$5.00

These adjustments to the solid waste and recycling rates are required to provide adequate revenue for the Solid Waste and Recycling Department to fund its operating, capital, debt service obligations, and reserve requirements for the next five years.

SUPPORTS STRATEGIC PLAN: Goal Three: Ensure a Fiscally Sound City

COUNCIL ACTION REQUESTED: Presentation with Action Requested

Following the presentation of study results and recommendations by Public Works staff, Finance Staff, the Solid Waste and Recycling Rate Study Stakeholders Work Group and the Rate Consultant, we respectfully request Council approval of the 5-year financial plan and approval of the 1st reading on September 10, 2024, and 2nd reading on September 24, 2024.

Yes N/A

- Document(s) Reviewed for ADA compliance (required if for agenda posting)
 - City Attorney Reviewed/Approval
 - Risk Management Review
 - Finance Department Review/Approval
- Funds Availability (account number):

Cc: James Clinch, PE, Assistant City Manager
Linda Senne, Finance Director