

**CITY OF BLOOMINGTON
CITY COUNCIL WORK SESSION**

ADDENDUM

109 E. OLIVE ST.

MONDAY, DECEMBER 8, 2014, 5:45 P.M.

Addition to Item 2. Solid Waste Funding Finances. *Solid Waste Update- handout.*

Solid Waste Update

Presented by:

Jim Karch, Public Works Director

Patti-Lynn Silva, Finance Director

Council workshop 12/8/14

Scope of Refuse (also called 'solid waste')

Approx. 24,000 households



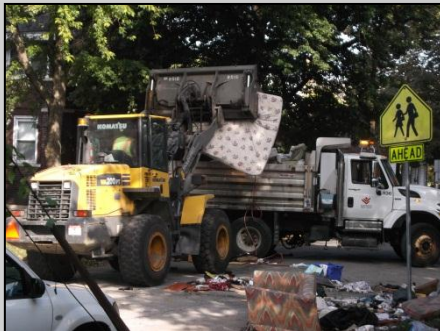
Recycling



Office, 402 S. East Street



Garbage



Bulk



Leaf collection



Brush



Drop-off center



Street sweeping



Alley maintenance

Bloomington's program

Recent financial history

2009: Recession response

- City Council makes Refuse an “enterprise fund.”
- Enterprise Fund policy: Fee for services should pay for itself. No General Fund subsidy. Policy adopted November 2010 says,
“The City’s fund balance policy for enterprise funds requires working cash of two months of annual operations or minimum of 10% of annual revenues.”
- *We were not - and still are not - meeting this requirement.*

2012-2013 Exhaustive study

Cost and operations analysis; public input; communities surveyed



First Interim Report outlining the research and information to be examined in the Solid Waste Program Analysis

Solid Waste Analysis

First Interim Report

September 24, 2012

Respectfully Submitted by:
Alex McElroy, Assistant to the City Manager
Barb Adkins, Deputy City Manager
Jim Karch, Director of Public Works
Robbie Henson, Solid Waste Supervisor
Patti-Lynn Silva, Director of Finance
Tim Ervin, Chief Budget Officer

Part I: 9/24/12



Second Interim Report providing additional information requested by Council for the inclusion of Solid Waste Program Analysis

Solid Waste Analysis

Second Interim Report

January 1, 2013

Respectfully Submitted by:
Alex McElroy, Assistant to the City Manager
Barbara J. Adkins, Deputy City Manager
Jim Karch, Director of Public Works
Robbie Henson, Solid Waste Supervisor
Patti-Lynn Silva, Director of Finance
Tim Ervin, Chief Budget Officer

Part II: 1/1/13



Final Draft Report outlining the research and information examined in the Solid Waste Program Analysis

Solid Waste Analysis

Final Draft Report

July 22, 2013

Respectfully Submitted by:
Alex McElroy, Assistant to the City Manager
Barbara J. Adkins, Deputy City Manager
Jim Karch, Director of Public Works
Robbie Henson, Solid Waste Supervisor
Patti-Lynn Silva, Director of Finance
Tim Ervin, Chief Budget Officer

Final: 7/22/13



Solid Waste Program Analysis
Final Draft Report

CITY OF Bloomington ILLINOIS

City Council Meeting July 22, 2013

Council : 7/22/13

New tiered rate system began May 1, 2014

Goal: Phase-in rate increases to make Refuse self-supporting in 3 years

Approved Refuse Rate Structure

Cart size used	Effective May 1, 2014	Effective May 1, 2015	Effective May 1, 2016
35-gallon cart	\$16 per month	\$16 per month	\$16 per month
65-gallon cart	\$18 per month	\$20 per month	\$21 per month
95-gallon cart	\$20 per month	\$23 per month	\$25 per month

Cost Recovery

A multi-faceted approach:

- Cost cutting /increasing efficiency
The City moved from garbage bag pick up to automated cart pick up. Reducing employees per truck from 3 to 1. Automated Trucks and carts were purchased for both garbage and recycling .
- Public health and expanding the recycling program.
Public education on recycling was expanded and 65-gallon and 95-gallon carts were provided to citizens.





Low/moderate income households protected

- Low-Income Discount
- BHA homes assessed at lowest rate

Chapter 21 : Section 301.8 : Low-Income Refuse Fee Discount.

The City may offer a discounted rate for refuse collection based on an individual's income. The qualifying criteria for this discount shall be based on the federal poverty guidelines as provided in the *Federal Register* issued by the U.S. Department of Health and Human Services each year. (Ordinance No. 2013-91)



FY2015 Performance

- The recycling program was offered to citizens at no additional cost to encourage the program and reduce tipping fees on refuse.
- Bulk waste and brush collection is currently at no additional for the first bucket load (2.75 cubic yards). An additional bucket is \$25.00.
- Citizens are charged monthly for refuse pick up determined by cart size beginning May 1st, 2014.

FY2015 Performance

	Actual FY2014	Revised FY2015	Projected 2015
Revenue	5,142,148	6,149,000	5,474,868
General Fund Transfer	1,304,001	1,197,400	1,197,400
Total Revenues:	6,446,149	7,346,400	6,672,268
Total Expense:	(7,191,917)	(7,720,890)	(7,715,612)
Beginning Budgetary Fund Balance:	345,955	(399,813)	(774,303)
Net Gain/(Loss)	(745,768)	(374,490)	(1,043,344)
Ending Budgetary Fund Balance:	(399,813)	(774,303)	(1,817,647)
Fund Balance Goal 10% :	719,192	772,089	771,561
Percent of Fund Balance	-5.56%	-10.03%	-23.56%

** Budgetary Fund Balance is cash minus cost outstanding.

5-Year Forecast

	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Revenue	5,977,008	6,325,716	6,325,716	6,325,716	6,325,716
General Fund Transfer	0	0	0	0	0
Total Revenues:	5,977,008	6,325,716	6,325,716	6,386,416	6,386,416
Total Expense:	(8,454,128)	(8,948,589)	(8,623,124)	(9,158,722)	(9,539,746)
Beginning Budgetary Fund Balance:	(1,917,647)	(4,394,768)	(7,017,641)	(9,315,049)	(12,087,355)
Net Gain/(Loss)	(2,477,120)	(2,622,873)	(2,297,408)	(2,772,306)	(3,153,330)
Ending Budgetary Fund Balance:	(4,394,768)	(7,017,641)	(9,315,049)	(12,148,055)	(15,362,085)
Fund Balance Goal 10% :	845,413	894,859	862,312	915,872	953,975
Percent of Fund Balance	-51.98%	-78.42%	-108.02%	-131.98%	-159.76%

Why are the projections so far off?

Rate Study: Autumn 2013
Professional consultant
Raftilus Financial Consultants Inc.

Basis of original predictions:
2 cart sizes

Council decision:
3 cart sizes



1. Updated revenue analysis by Raftilus, with 3 cart sizes, greatly underestimated number of households choosing smallest carts
2. Cost of the Bulk Pickup remains high.

Cart Utilization

Refuse Cart Size	Projected FY2015	Actual FY2015	Difference
35 – Gallon	2,000	5,920	+3,920
65 - Gallon	8,000	6,113	-1,887
95 - Gallon	<u>15,000</u>	<u>11,473</u>	<u>-3,527</u>
Total:	25,000	23,506	-1,494

** Several trailer parks discontinued their use of city curbside service. In addition, many citizens opted for the smaller carts. Some apartment complexes were removed from the system because of logistics of automated pickup.



Bulk Pickup

- 40 % of expense in the solid waste fund is related to the bulk waste/brush program.
- To achieve full recovery for the bulk waste/brush program, we would have to charge \$100 per bucket load. Currently, first bucket is free and second is \$25. It would be possible to have a phase-in of \$50 in year 1, \$75 in year 2 and full cost recovery in year 3. **** This excludes leaf collection.**



Options for Refuse Funding

Option A: Continue as we are. Requires subsidy from the General Fund.

Option B: Fast-forward the phased-in increases. Implement the 2016 rate schedule on Jan. 1, 2015.

Option C: Phase-in bulk pickup increases.

Option D: Combination of B and C.

Financial Implications

Option A no action	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Ending Fund Balance:	(4,394,768)	(7,017,641)	(9,315,049)	(12,148,055)	(15,362,085)

Option B Early increase	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Ending Fund Balance:	(4,043,244)	(6,666,117)	(8,963,525)	(11,796,532)	(15,010,562)

Option C Bulk increase	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Ending Fund Balance:	(1,681,276)	(1,048,852)	(93,121)	324,782	359,365

Option D use B and C	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
Ending Fund Balance:	(1,029,752)	(397,325)	558,404	976,306	1,010,890