

CITY OF BLOOMINGTON
WORK SESSION CITY COUNCIL MEETING NOTICE
109 E. OLIVE
MONDAY, MARCH 9, 2015, 6:00 – 6:45 P.M.

1. Call to Order
2. Roll Call
3. Public Comment
4. Discussion Topic
 - a. Solid Waste – Presented by: Steve Rasmussen, Assistant City Manager
5. Adjourn

FOR COUNCIL WORK SESSION: March 9, 2015



Making the Solid Waste Enterprise Fund Solvent

An Enterprise Fund uses fees rather than taxes to pay for a City service. Under City Council policy, an Enterprise Fund should be self-supporting and accumulate a 10 percent reserve. The Council designed the Solid Waste (Refuse) Fund as an Enterprise Fund in 2011. The fund has yet to break even and, in fact, the gap between revenue and expense widened in FY15 to \$2.4 million.

Arriving at the staff recommendation: Scenarios, options and a hybrid

City staff ran 29 different scenarios examining changes to cart fees and bulk/brush fees. (The spreadsheet is Appendix B at the back of this packet.) Most of those who studied the issue concluded that the core problem revolves around the high level of service for bulky waste and brush and the low amount of revenue it produces in comparison. In the end, the Administration combined proposals and ideas to generate the recommended course:

- ⇒ Charge \$50 per bucket with no free buckets for brush and bulk collection. The result will be reduced weekly demand and increased revenue. Operational service delivery must adjust, too, and become more efficient. One of three 7-person bulk crews will be shifted to vacancies in other areas. Other shifting may result in fewer workers assigned to Solid Waste and more staff assigned to streets, sewers and storm water.
- ⇒ Increase the bucket charge automatically by 5 percent on every even-numbered fiscal year to offset increases in labor and other costs.
- ⇒ Make no changes in the cart-based fee schedule.

Operational Gain or (Loss) without General Fund Subsidy		
Option Overview	FY2016	FY2017
Option G1.2 \$50 Charge for every Bucket Loader and Current Rate Structure – Assume 60 percent less Bulk Waste Pickups	165,157.31	86,522.59

From Spreadsheet, Appendix B. Note: The addition of two “free” community collections was not incorporated into the calculation. They would result in some lost revenue.

Measuring results: The desired result is a solvent, Solid Waste Enterprise Fund with no General Fund subsidy and continued quality City services provided at reasonable prices.

Please be mindful that many numbers are estimates and in many cases use predictions of consumer behavior in response to change in bulk/brush fees. Adjustments may be needed.

Alternatives

If the Council chooses to not implement a \$50 bucket fee, what are the alternatives?

1. Charge \$25 per bucket for bulk and brush, with no free buckets.
Projected deficit of \$247,000 in FY16. (Option G-1, Appendix B)
2. Raise the cart fee to cover the deficit.
The fee would rise to about \$30 per household per month. (Option E-2, Appendix B)
3. Increase property taxes to subsidize Solid Waste.

\$2.4 million ⇒ \$34 increase in property tax for one year for an average home.

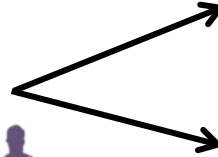


4. Reduce the level of service for bulk.
 - Eliminate bulk and brush collection, except for once in spring and once in fall, at no charge. This would cost the fund \$644,339 for disposal cost and eliminate bulk staff positions.
5. Issue vouchers to all households for free pickup.
 - Issue one or two vouchers per customer for free pickup. Most people use bulk once or twice a year but the service level of nearly free, year round pickup is driving the \$2.4 million deficit. The voucher system would almost equate, financially, to the existing system.

Ending the 'first bucket free' policy

1. Ending the “first bucket free” policy will allow Public Works to reduce its bulk crews from three to two.

Seven (7) employees will be moved from bulk to 7 comparable jobs by filling existing vacancies and through attrition. This saves \$500,000 to \$600,000 for the Solid Waste Fund per year with no layoffs.



2. The “first bucket free” service requires us to run every route every day and severely reduces our efficiency in bulk pickup.



3. Ending the free bucket allotment will make the City and the customers more efficient in regard to brush and bulk. It will greatly reduce the cost to the City, and, therefore, the cost to City residents. Note that City residents actually have been paying for this service all along, but mainly through property tax subsidies. There really are no “free” buckets.

The next three pages show graphic representation of Solid Waste services and staffing. They demonstrate what appears to be too much staff emphasis on Solid Waste and too little emphasis on streets, sewers and storm water.

Garbage & Recycling
 11 employees
 11 pieces of equipment

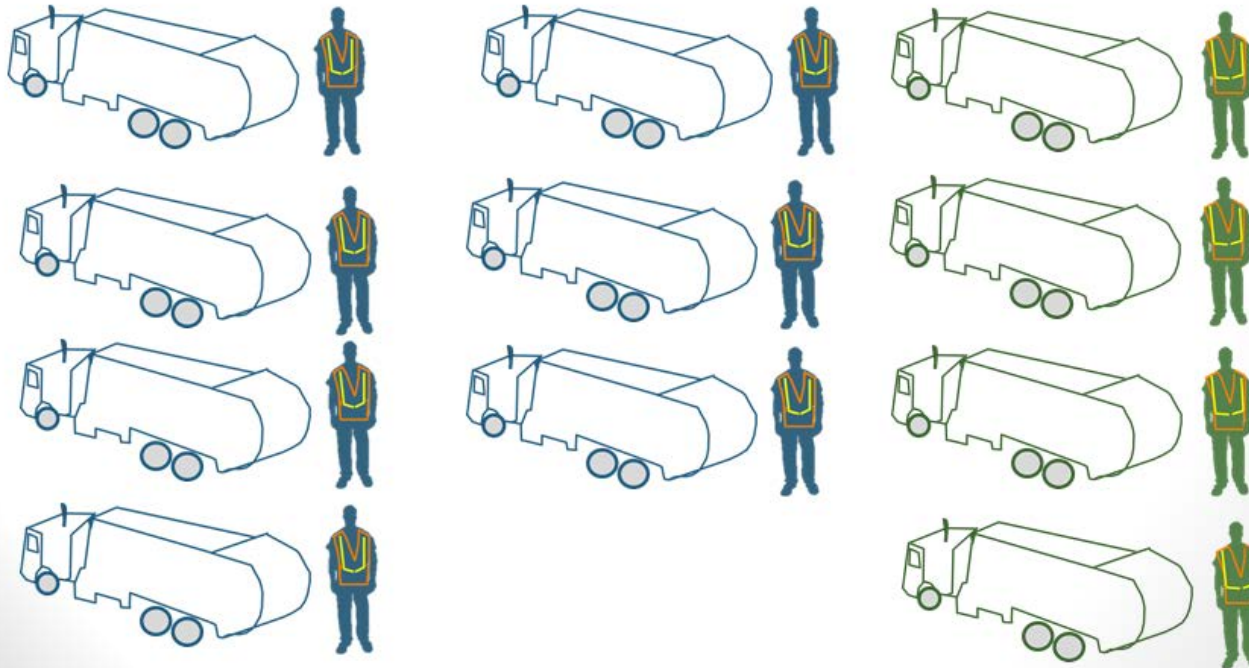
7 Garbage



4 Recycle



Projected cart revenue FY 15	\$5,321,952
Estimated cost garbage and recycling, FY 15	\$4,248,033



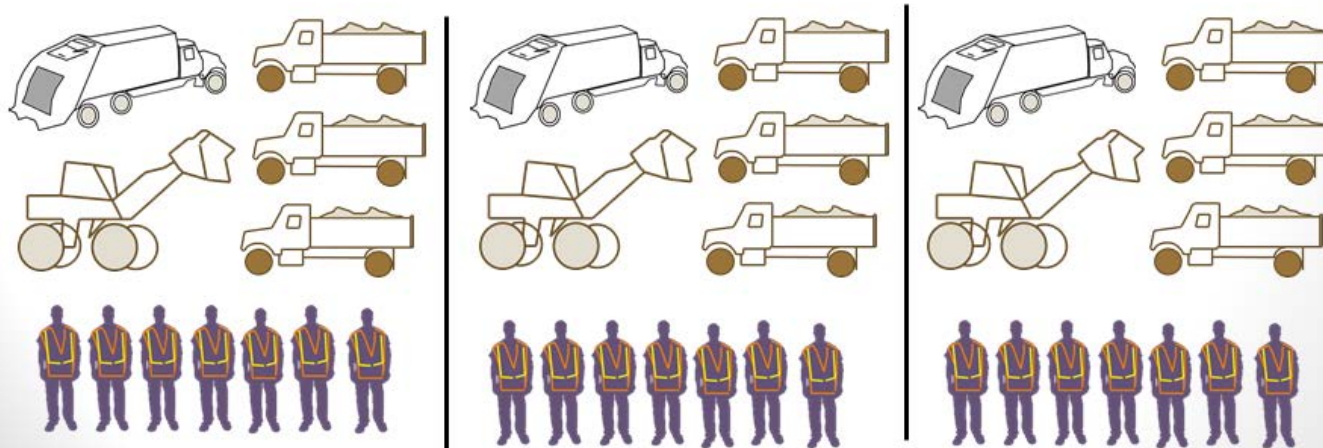
Bulk & Brush Crews:
 21 employees
 15 pieces of equipment

Projected revenue , FY15, from bulk fees	
Brush	\$0
Bulky waste	\$26,700
Estimated cost of bulk/brush FY15	\$3,457,571

Bulk crew collections, projected, FY15

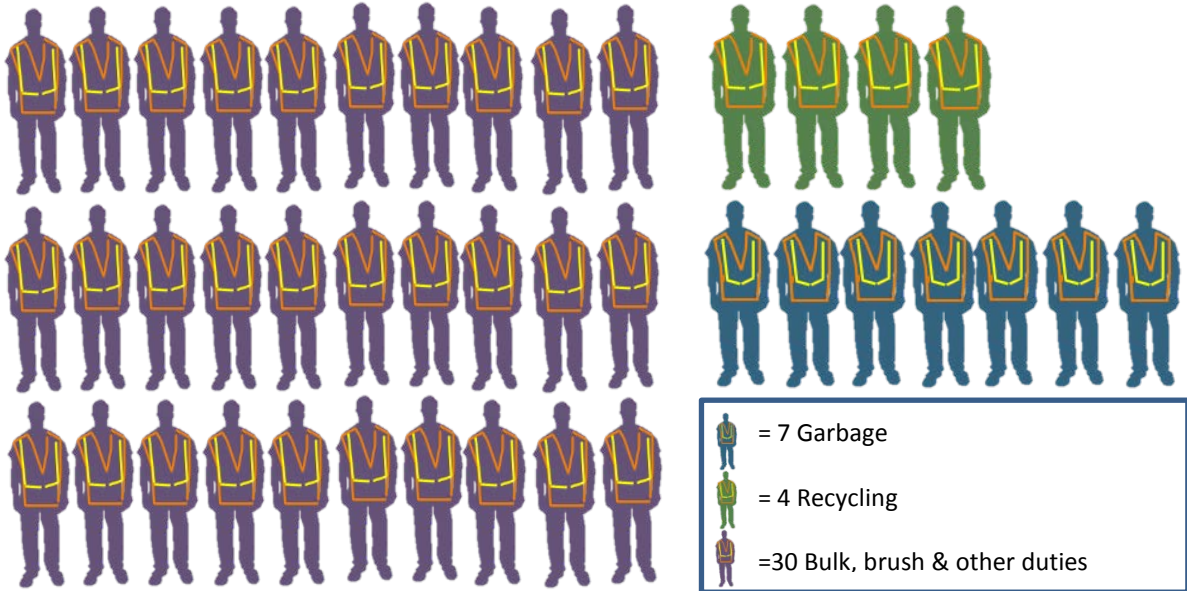


	Brush	Bulky waste
☐ Tons collected	3,355	5,592

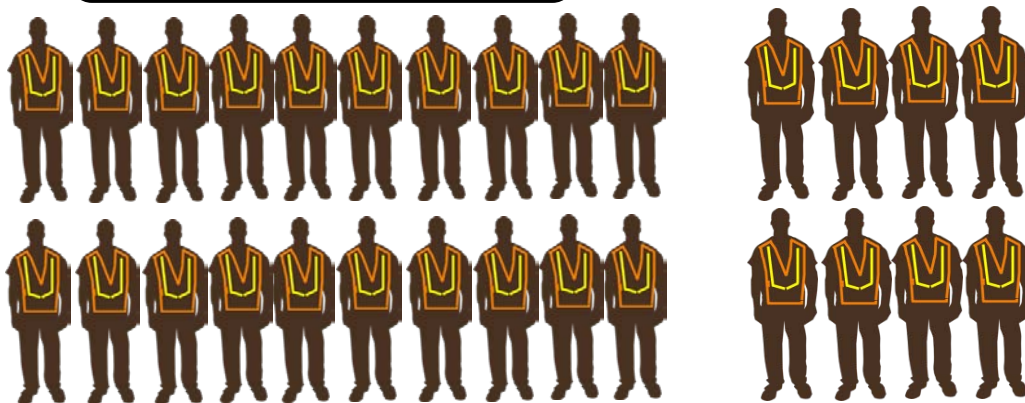


Current staff allocation: Solid Waste Division and Streets & Sewers Division

Solid Waste Division
Currently 41 employees



Streets & Sewers Division
Currently 28 employees



Recommendation recap

The cart fee

Remains the same.

\$16/18/20

\$16/20/23 effective May 1, 2015

\$16/21/25 effective May 1, 2016

Bulky waste and brush pickup

\$50 per bucket charged for bulk, with no free buckets. For brush, two full “bites” of a front end loader equals a \$50 bucket.

The charge would take effect May 1, 2015, and would increase by 5 percent every two years on even numbered fiscal years.



A bucket of bulk being loaded.

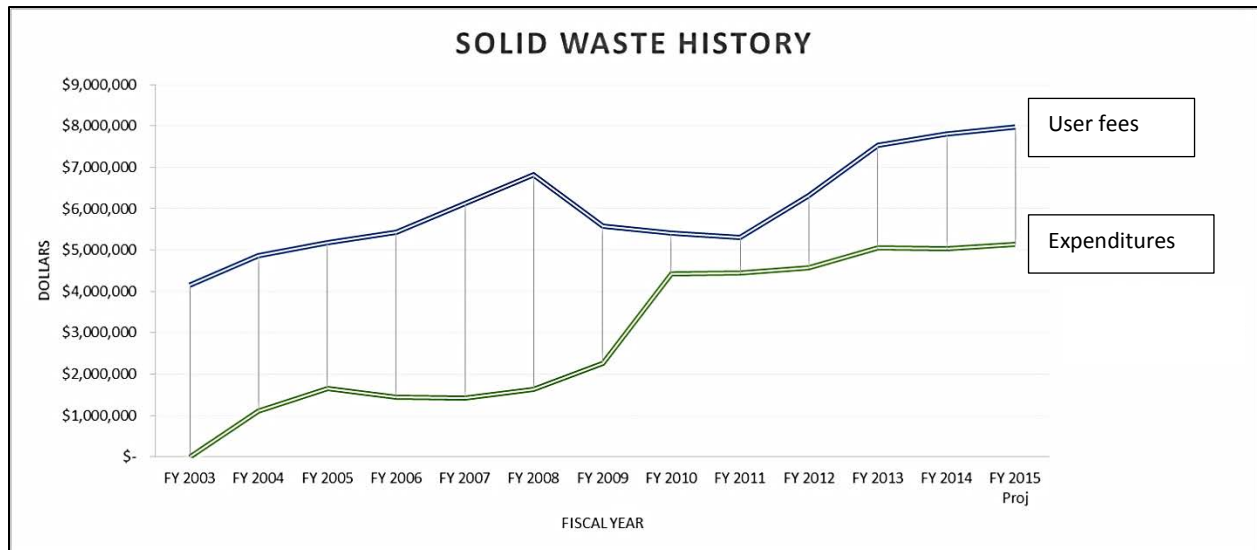
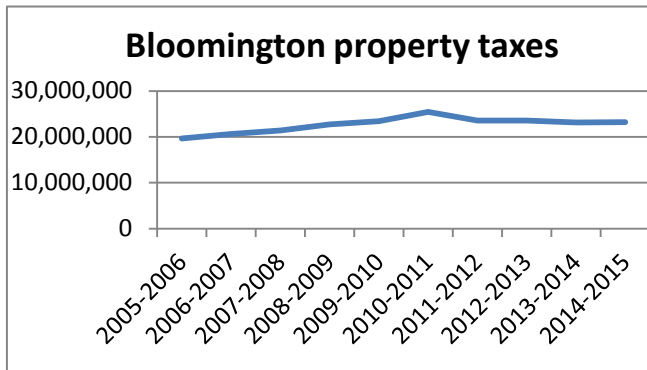
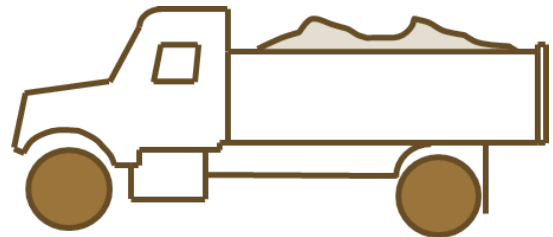
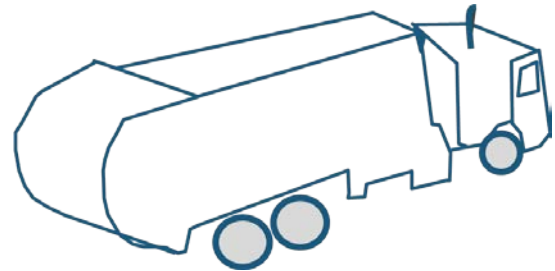
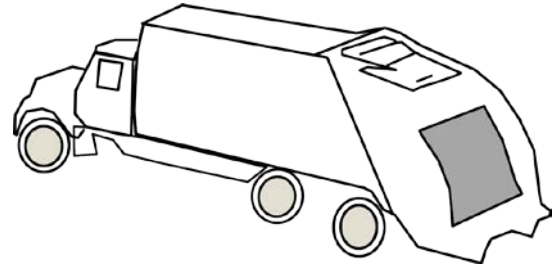


A “bite” of brush being loaded.

Appendix A: Financial Trends and the Enterprise Fund

Bloomington property tax collection has remained fairly constant, rising at times and dropping at times. Solid Waste fees have increased, especially after its 2011 designation as an Enterprise Fund. However, the increases in fees have not offset rising costs.

Fiscal Year	Bl property taxes	Increase	Increase by percent
2005-2006	19,635,649		
2006-2007	20,620,060	984,411	5.0%
2007-2008	21,426,500	806,440	3.9%
2008-2009	22,704,620	1,278,120	6.0%
2009-2010	23,386,594	681,974	3.0%
2010-2011	25,465,406	2,078,812	8.9%
2011-2012	23,586,905	-1,878,501	-7.4%
2012-2013	23,544,567	-42,338	-0.2%
2013-2014	23,163,713	-380,854	-1.6%
2014-2015	23,219,066	55,353	0.2%



Appendix B: 29 scenarios

Operating Gain or (Loss) without General Fund Subsidy					
Option Overview	FY2015	FY2016	FY16 % of Fund Balance	FY2017	FY17 % of Fund Balance
Goal For The Fund	> \$0	> \$0	10.00%	> \$0	10.00%
Option A -- Make no changes	\$ (2,420,217.02)	\$ (2,436,947.74)	-48.02%	\$ (2,581,849.00)	-74.22%
Option B -- Implement Adopted Rate Structure 1 Year Early	(2,420,217.02)	(2,103,216.30)	-44.07%	(2,581,849.00)	-70.49%
Option C1 -- \$25 Charge for Every Bucket Loader and Current Rate Structure	(2,420,217.02)	(1,695,123.87)	-38.92%	(1,842,136.37)	-57.20%
Option C2 -- \$75 Charge for Every Bucket Loader and Current Rate Structure	(2,420,217.02)	(18,073.87)	-19.25%	(165,086.37)	-20.02%
Option C3 -- \$100 Charge for Every Bucket Loader and Current Rate Structure	(2,420,217.02)	820,451.13	-9.41%	673,438.63	-1.43%
Option C4 -- \$130 Charge for Every Bucket Loader and Current Rate Structure	(2,420,217.02)	1,826,681.13	2.39%	1,679,668.63	20.88%
Option C5 -- \$25 Charge for Every 1st Bucket Loader and \$100 for Every 2nd Bucket Loader and Current Rate Structure	(2,420,217.02)	(1,615,023.87)	-37.98%	(1,762,036.37)	-55.42%
Option D1 -- Monthly Rates 1 Year Early & \$25 Charge for Every Bucket Loader	(2,420,217.02)	(1,361,391.87)	-35.01%	(1,842,124.00)	-53.50%
Option D2 -- Monthly Rates 1 Year Early & \$75 Charge for Every Bucket Loader	(2,420,217.02)	315,658.13	-15.33%	(165,074.00)	-16.32%
Option D3 -- Monthly Rates 1 Year Early & \$100 Charge for Every Bucket Loader	(2,420,217.02)	1,154,183.13	-5.50%	673,451.00	2.27%
Option D4 -- Monthly Rates 1 Year Early & \$130 Charge for Every Bucket Loader	(2,420,217.02)	2,160,413.13	6.31%	1,679,681.00	24.58%
Option E1 -- Per Customer Flat Rate -- \$25 a month	(2,420,217.02)	(1,036,764.87)	-31.46%	(1,411,213.00)	-45.49%
Option E2 -- Per Customer Flat Rate -- \$30 a month	(2,420,217.02)	411,215.13	-14.33%	60,767.00	-12.86%
Option E3 -- Per Customer Flat Rate -- \$35 a month	(2,420,217.02)	1,859,195.13	2.80%	1,532,747.00	19.77%
Option F1 -- Discontinue Bulk Program and Flat Rate Monthly Fee-- \$22 a month for Refuse/Recycling	(2,420,217.02)	1,165,704.58	-8.53%	881,399.98	7.39%
Option F2 -- Discontinue Bulk Program and Flat Rate Monthly Fee Based on Cart Size -- \$16/\$22/\$26	(2,420,217.02)	1,173,024.58	-8.39%	792,719.98	5.97%
Option G1 -- \$25 Charge for Every Bucket Loader and Current Rate Structure - Assume 50% Less Bulk Waste Pickups	(2,420,217.02)	(247,378.64)	-28.09%	(331,152.32)	-31.04%
Option G1.2 -- \$50 Charge for Every Bucket Loader and Current Rate Structure - Assume 60% Less Bulk Waste Pickups	(2,420,217.02)	165,157.31	-22.44%	86,522.59	-19.80%
Option G2 -- \$75 Charge for Every Bucket Loader and Current Rate Structure - Assume 75% Less Bulk Waste Pickups	(2,420,217.02)	(131,358.81)	-25.98%	(220,007.29)	-27.46%
Option G3 -- \$100 Charge for Every Bucket Loader and Current Rate Structure - Assume 80% Less Bulk Waste Pickups	(2,420,217.02)	(8,943.34)	-24.46%	(95,022.33)	-24.30%
Option G4 -- \$130 Charge for Every Bucket Loader and Current Rate Structure - Assume 90% Less Bulk Waste Pickups	(2,420,217.02)	(82,751.90)	-26.20%	(163,691.92)	-26.93%
Option H1 -- \$25 Charge for Every Second Bucket Loader of Brush and Bulk	(2,420,217.02)	(2,383,548.44)	-47.39%	(2,528,449.00)	-73.02%
Option H2 -- \$25 Charge for Every Second Bucket Loader and Implement Adopted Rate Structure 1 Year Early	(2,420,217.02)	(2,049,816.44)	-43.44%	(2,434,677.13)	-68.97%
Option I1 -- Charge \$20 Flat Rate and \$25 Per Bucket for All Bulk/Brush	(2,420,217.02)	(357,490.03)	-29.47%	(545,489.86)	-35.31%
Option I2 -- Charge \$20 Flat Rate and \$25 Per Bucket for Bulk Only	(2,420,217.02)	(595,465.03)	-33.01%	(783,464.86)	-41.96%
Option I3 -- Charge \$20 Flat Rate and \$25 Per Bucket for All Bulk/Brush and Account for Low Income Program Participants	(2,420,217.02)	(510,370.03)	-31.74%	(698,369.86)	-39.58%
Option I4 -- Charge \$20 Flat Rate and \$25 Per Bucket for Bulk Only and Account for Low Income Program Participants	(2,420,217.02)	(780,265.03)	-35.76%	(936,344.86)	-46.68%
Option I5 -- Charge \$22 Flat Rate and \$25 Per Bucket for Bulk Only and Account for Low Income Program Participants	(2,420,217.02)	393,697.97	-18.29%	242,526.14	-13.79%
Option I6 -- Charge \$20 Flat Rate and \$60 Per Bucket for Bulk Only and Account for Low Income Program Participants	(2,420,217.02)	109,546.83	-23.03%	(73,353.87)	-22.67%

Boxed scenarios respond to recent requests/proposals from Council members.