



ADDENDUM I

WORK SESSION BLOOMINGTON CITY COUNCIL AGENDA

MARCH 9, 2015

ADDITION TO WORK SESSION

- Item 4a. Solid Waste – Presented by: Steve Rasmussen, Assistant City Manager.
Power Point – Presentation.

Making the Solid Waste Fund Solvent

An approach to producing a self-supporting Refuse enterprise



Staff recommends

- Charge \$50 per bucket, with no free buckets, for brush and bulk collection. The result will be reduced demand, greater efficiency and increased revenue.
- Increase the bucket charge automatically by 5 percent on every odd-numbered year to offset increases in labor and other costs.
- Make no changes in the cart-based fee schedule set by Council in 2014.
- Drop-off center: No immediate change. The rules on curb collection fees also apply to the drop-off center.



Net gain on garbage/recycling nears \$1.1 M

Cart fees: Revenue est. \$5.3 M

Garbage & Recycling

11 employees

11 pieces of equipment

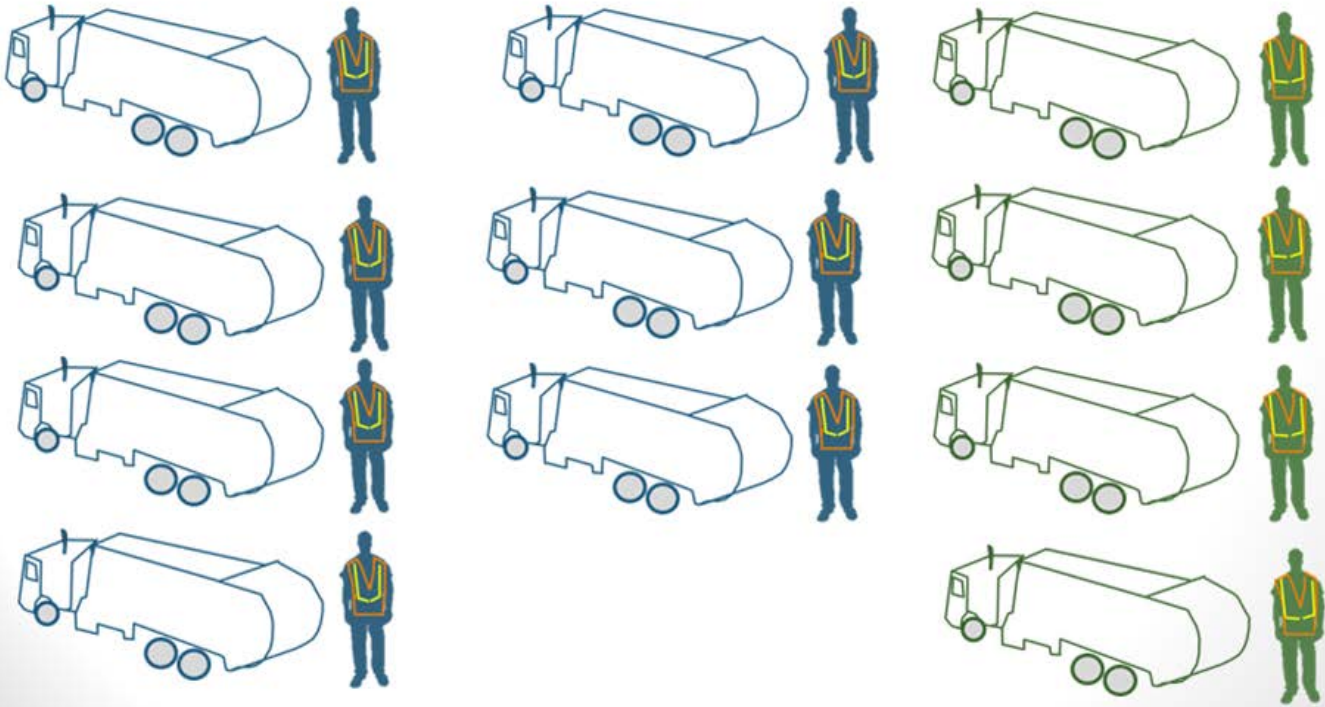
7 Garbage



4 Recycle



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



Core problem

Bulk/brush collection costs \$3.4 M

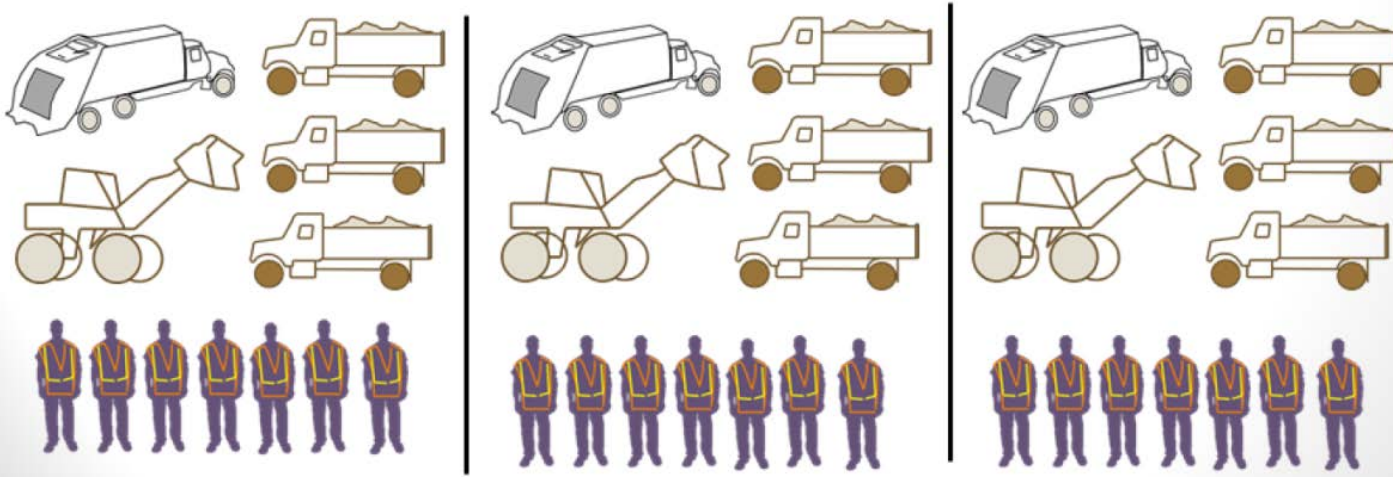
Bulk & Brush Crews:
21 employees
15 pieces of equipment

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



Among other options explored

Option: \$20 flat fee on carts, \$25 per bucket, no free bucket.

Result: \$357,490 net loss, year one.

Option 2 bulk vouchers per year per household.

Result Amounts to free, weekly year round bulk for most customers.
Negligible effect on budget.

Option: Charge \$25 for first bucket, \$75 for additional.

Result: Net loss \$181,516 Year One. Complicates administration of program.

Option: Discontinue curbside bulk service. Free semi-annual bulk pickup instead.

Result: Year One net gain of \$53,729.

Option: Discontinue curbside bulk service. Facilitate free drop-off at landfill transfer station.

Result: \$618,255 net loss in Year One in initial analysis. Still researching.

\$50 per bucket; no “free” first bucket

\$50 fee for bulk and brush

Should produce \$165,000 in revenue over expenses for the Solid Waste Enterprise Fund for fiscal year 2015-16.

No “free” bucket

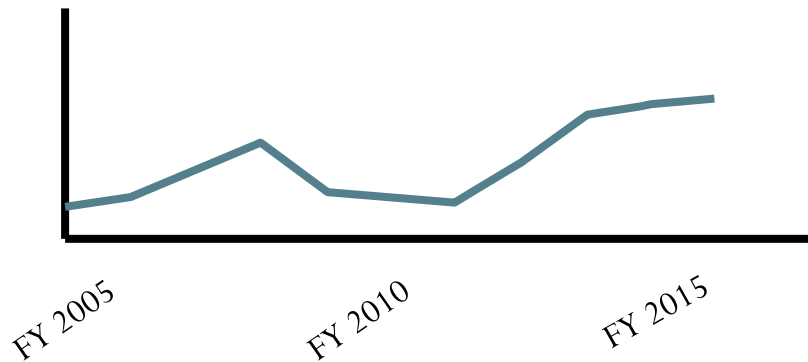
The first-bucket-free is a disincentive for households to be efficient. Cost is high. Revenue is marginal.



Adjust fee every 2 years

Increase the bucket charge automatically by 5 percent every other year to offset increases in labor, materials and landfill tipping fees.

City Solid Waste cost since FY 2005.



Annual property tax revenue since FY 2005.



Cart fee schedule unchanged

Through informal discussions and structured forums such as the Citizens' Summit (pictured), we found little support for changing the cart fee schedule.

Cart Fee Schedule

Currently \$16/\$18/20.

Becomes \$16/20/23 on May 1, 2015.

Becomes \$16/21/25 on May 1, 2016.



On tonight's regular agenda

More than 30 options explored

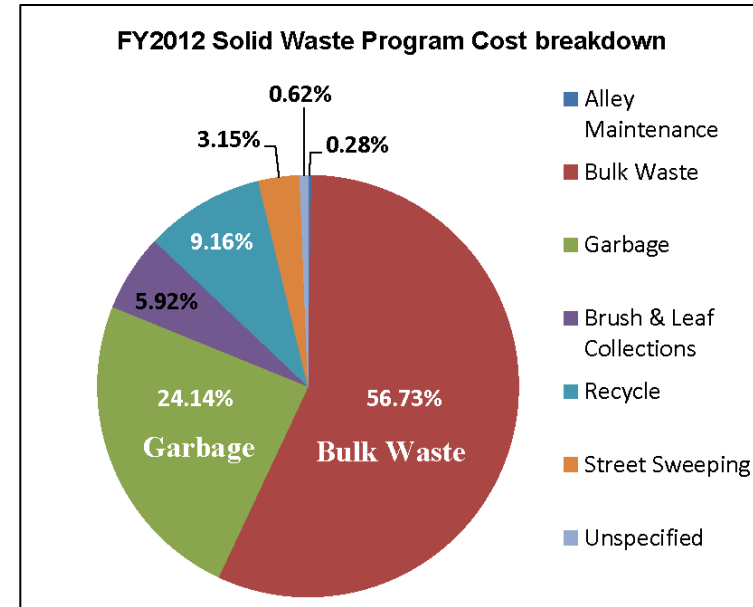
Problem: Solid Waste Enterprise Fund fails to achieve goal of self-supporting

Viable options have to **solve the problem.**

Core of problem: The high cost/low revenue of bulky waste and brush collection.

Tonight's City Council agenda: Text Amendment

- Increasing the charge for bulky waste pickup to \$50 per bucket (with no free first bucket) and include brush as a for-fee service at \$50 per bucket.
- Fee for bulk and brush increases 5 percent every two years.



From 2013 Solid Waste Analysis Final Draft Report

Appendix Scenarios examined and net gains (losses)

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 G2 -- \$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%

Option F3 -- Discontinue Curbside Bulk Program but Allow Customers to Deliver				
	Revised FY2015	Projected FY2015	Projected FY2016	Projected FY2017
Revenue	6,149,000	5,545,395	5,990,480	6,340,028
General Fund Transfer	1,197,400	1,197,400	0	0
Total Revenues:	7,346,400	6,742,795	5,990,480	6,340,028
Total Expense:	7,720,890	7,965,612	6,608,735	7,042,768
Net Gain/(Loss)	(374,490)	(1,222,817)	(618,255)	(702,740)

Option G1.3 -- \$25 Charge for Every First Bucket Loader and \$75 for Every Extra Bucket				
	Revised FY2015	Projected FY2015	Projected FY2016	Projected FY2017
Revenue	6,149,000	5,545,395	6,463,143	6,812,691
General Fund Transfer	1,197,400	1,197,400	0	0
Total Revenues:	7,346,400	6,742,795	6,463,143	6,812,691
Total Expense:	7,720,890	7,965,612	6,644,658	7,077,940
Net Gain/(Loss)	(374,490)	(1,222,817)	(181,516)	(265,249)

Current Rate Structure and Free Semi-Annual Bulk/Brush Service Only					
	Actual FY2014	Revised FY2015	Projected FY2015	Projected FY2016	Projected FY2017
Revenue	5,142,148	6,149,000	5,545,395	5,990,480	6,340,028
General Fund Transfer	1,304,001	1,197,400	1,197,400	0	0
Total Revenues:	6,446,149	7,346,400	6,742,795	5,990,480	6,340,028
Total Expense:	7,191,917	7,720,890	7,965,612	6,044,209	6,440,361
Net Gain/(Loss)	(745,768)	(374,490)	(1,222,817)	(53,729)	(100,333)