

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Ordinance dissolving residential curbside recycling service

ORIGINATING DEPARTMENT

Public Works / Solid Waste Division

BACKGROUND INFORMATION

In May 2002, the City of Killeen initiated a curbside recycling collection program. The City originally took the program over from Harvest Recyclers, which operated the program from 2000-2002. Initially, when the City's Solid Waste Division took over the program, it was designed as a pilot program staged with one employee. As the pilot program grew over the years, additional employees were added to manage the workload. Currently, there are 2,804 subscription-based customers with collection days and customers served as follows: 835 on Monday, 735 on Tuesday, 589 on Thursday, and 645 on Friday. Due to the growth of City subscribers, the expansion of the City, and in order to continue to provide a high level of service, the Solid Waste curbside recycling subscription service collection and processing team has expanded to include four employees.

DISCUSSION/CONCLUSION

As discussed with City Council on July 12, 2016, the City's adopted Solid Waste Master Plan recommends dissolving residential curbside collection of recyclable materials because it is not cost effective. It costs the City more to provide the service than the City recovers in revenue. Based on SCS Engineers' rate model calculations, elimination of the curbside service is projected to save the City approximately \$279,045 per year. Options were also discussed on July 12, 2016, that included the following: 1) continue to allow general residential rates to subsidize the program; 2) charge the actual cost of the service to the customers using the service; 3) eliminate the curbside service; or 4) eliminate the curbside service and refocus the resources to boost commercial recycling efforts as those efforts are more cost effective and result in a more substantial diversion of recyclables from the waste stream. The actual and potential consequences of eliminating the curbside service include diminished services available to City customers, increase of materials disposed of in the regular waste stream (leading to additional transport and disposal cost for the Solid Waste Transfer Station cost center), and potential inappropriate dumping of material within the City. However, following termination of the subscription service, Killeen citizens will still have the option of dropping off recyclables at the two existing drop-off sites within Killeen, including the Killeen Recycling Center located at 111 E. Avenue F and the City's Transfer Station located at 12200 SH 195. Based on all facts presented, City Council directed that an ordinance be brought forward for City Council's final consideration of eliminating the service.

City staff recommends terminating the subscription recycling program effective on October 1, 2016. This will enable City staff time to provide appropriate notice to existing customers.

FISCAL IMPACT

The annual operating cost for the Curbside Recycling program is approximately \$381,280. Currently, annual revenue from subscribers is approximately \$87,485 and revenue from sale of recyclable materials received from the curbside service is approximately \$28,050. The projected additional transport and disposal costs is estimated at 70% of the 500 tons collected through the curbside service annually, assuming that 30% of the existing customers will continue to recycle at the City's drop of locations. The remaining 350 tons will be diverted to the Transfer Station at an additional cost of \$13,300 annually (\$38.00 per ton). When both revenues and expenses are considered, elimination of the curbside service will produce an estimated annual savings of \$279,045. The cost savings from the termination of the subscription recycling program that are realized were taken into consideration by SCS Engineers when they calculated the new recommended rates for Solid Waste. Consequently, no rate increases for Solid Waste Service are recommended for FY 17.

RECOMMENDATION

City staff recommends that City Council approve the attached ordinance repealing the residential curbside recycling program and amending related fees, effective October 1, 2016, and authorize the City's Solid Waste Division to effectuate the cessation of the program to include, without limitation, notifying customers, ceasing to accept new recycling customers, and ceasing to replace bins of existing customers when lost, damaged or destroyed, and liquidating assets in accordance with City policies.