



## STAFF REPORT

**DATE:** September 7, 2021

**TO:** Kent Cagle, City Manager

**FROM:** Jonathan Locke, Executive Director of Finance

**SUBJECT:** Ordinance amending solid waste rates

### **BACKGROUND AND FINDINGS:**

On July 17, 2021, City Council received the results of the solid waste rate study. The study found that the City's commercial revenues were insufficient to fully fund the projected expenses over the next three years. It also found that residential revenues could sufficiently fund the projected expenses over the next three years. Solid waste rates have not been adjusted since 2015.

To offset the projected shortfall in the Solid Waste Fund, a commercial rate increase is recommended in the proposed Fiscal Year 2022 Budget. The commercial rate increase is equal to eight percent (8%). The increase is estimated to generate an additional \$560,000 in revenue. The most common commercial service is a two-yard container picked up once a week. The current cost of this service is \$78.72. The proposed cost of the service is \$85.02.

In addition to the proposed commercial rate adjustment, the study also identified costs that have a more appropriate funding source than the Solid Waste Fund. The costs identified were code enforcement refuse cleanups and right-of-way mowing. Both activities should be funded by the General Fund.

The cost of code enforcement refuse cleanup is estimated to be \$180,000. That cost was moved to the General Fund in the proposed FY 2022 Budget. The cost of right-of-way mowing is \$946,875. The approach being used for right-of-way mowing is to transition the cost to the General Fund over a four-year period. The proposed FY 2022 Budget includes moving approximately 25% or \$250,000 to the General Fund.

Another proposed revision to solid waste rates is to Section 24-119, Annual Consumer Price Index. This section requires solid waste rates to be adjusted annually by the Consumer Price Index. It has not been the City's practice to adjust rates annually and the proposed change is to delete the section.

### **THE ALTERNATIVES CONSIDERED:**

Two alternatives were considered:

1. Do not amend solid waste rates and continue using current rates; and
2. Amend solid waste commercial rates.

**Which alternative is recommended? Why?**

Option 2 is recommended. This alternative provides the needed revenue to meet the needs of the Solid Waste Fund. If solid waste rates are not amended, the number of refuse trucks scheduled to be replaced in the proposed Fiscal Year 2022 Budget will have to be reduced.

**CONFORMITY TO CITY POLICY:**

The proposed ordinance conforms to applicable City policy.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

N/A

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

City Council approve the ordinance amending Chapter 24, Solid Waste, of the Code of Ordinances, to amend solid waste rates.

**DEPARTMENTAL CLEARANCES:**

Public Works

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Ordinance