

Memorandum



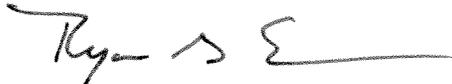
DATE: August 14, 2009

TO: Honorable Mayor and Members of the City Council

SUBJECT: **Sanitation Services - FY10 Budget**

Attached is Sanitation Services FY10 Budget briefing. This briefing will be presented to the Dallas City Council on Wednesday, August 19, 2009.

Please let me know if you need additional information.



Ryan S. Evans
First Assistant City Manager

Attachment

C: Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
David K. Cook, Chief Financial Officer
Mary Nix, Director, Sanitation Services
Helena Stevens-Thompson, Assistant to the City Manager



Sanitation Services Proposed FY10 Budget

Briefing to City Council

August 19, 2009





Mission Statement of SAN Services

To protect the public health and the quality of the environment through the efficient collection, recycling and disposal of municipal solid waste.

Budget Summary of Services

Update 07/31/09

Name of Bid	FY 2008-09 Budget		FY 2009-10 Proposed		FY10 Revenues
	FTEs	Dollars	FTEs	Dollars	(proposed)
Animal Collection Services	8.1	550,244	9.6	516,663	525,375
Brush/Bulk Waste Removal Service	144.0	12,257,596	157.5	12,396,374	12,705,404
City Facilities Refuse Services	0.0	718,421	0.0	950,771	736,855
Landfill Services	126.5	20,356,892	141.8	17,687,842	33,006,057
Residential Refuse Collection	432.2	34,768,892	389.2	31,303,217	30,976,556
Waste Diversion and Recycling	81.9	10,467,847	108.5	11,606,589	11,061,266
Totals	792.7	79,119,892	806.6	\$ 74,461,456	\$ 89,011,513



6 Basic SAN Services: \$74,461,456

1) Residential Refuse Collection **\$31,303,217**

- Essential public health service
- Assumes transition of ALL households to **OneDAY Dallas** service
- 242,000 accounts that generate over 300,000 tons of waste
- Transport of waste from 3 transfer stations
- 389 FTEs

2) Brush / Bulk Service **\$12,396,374**

- Monthly collection of 200,000 tons each year
- Unscheduled services
 - storm and flooding cleanup
 - “Cost Plus” service; neighborhood projects and Code support
- 158 FTEs

3) Dead Animal Collection **\$516,663**

- Both on-demand and scheduled service
- Over 50,000 animals collected annually
- 10 FTEs



6 Basic SAN Services, cont:

4) Waste Diversion & Recycling \$11,606,589

- Residential program: Extend **OneDAY Dallas** service to ALL households
- Household Chemical Collection Center; quarterly round-ups
- Expand the **Pride In Your Neighborhood** program
- Diversion at landfill: green waste, concrete, asphalt
- 108 FTEs

5) Landfill Operations \$17,687,842

- Serves all Dallas residents and acts as a regional disposal facility
- Generates **\$23.5M** in commercial revenues + **\$1.2M** in gas royalty
- 142 FTEs

6) City Facilities Refuse Collection \$950,771

- Manages recycling and garbage collection for all 230 city buildings
 - Uses contractor with city staff oversight
 - Includes placing and servicing over 100 recycling drop-off stations around city, targeting multi-family recycling
-



SAN Fee: What affects the Rate?

■ Expense reductions

- **(\$2.1M): Fuel** - 2.0M gallons at a lower cost of \$2.92/gal
- **(\$2.0M): OneDAY Dallas**
 - Complete the transition to once-weekly service citywide
 - Benefit from reduction in fuel, manpower, equipment needs
 - Further information in Appendix
- **(\$0.2M): Furlough** – 5 days for a portion of SAN staff
- **(\$0.4M): Disposal Ops Savings** – shorten landfill hours, close transfer stations on Sundays, and defer tire and concrete waste processing
- **(\$0.5M): Defer equipment purchase** – postpone heavy equipment buy for landfill



SAN Fee: What affects the Rate?

■ Cost Increases

□ \$0.9M: Labor costs

Full-year funding of FY09 merits

Fill vacant positions:

Truck drivers, crew leaders, ISO manager, spill response, service reps

□ \$0.8M: Household Hazardous Wastes

Continue this program without Storm Water fee reimbursement

□ \$0.4M: Pride In Your Neighborhood

Continue this program without Storm Water fee reimbursement

□ \$0.1M: Closed landfill monitoring

Annual monitoring required by State for Deepwood site and Simpkins LF

□ \$0.2M: Re-allocation of landfill costs

Landfill expenses for FY10 at \$18M. Costs are allocated between residential customer (via SAN rate) and commercial haulers (via the gate rate) at approximately a 30%-70% basis, and adjusted annually based on landfill usage. Residential customers' portion increased from 28% in FY09 to 30% in FY10.

Residential Fee – budget estimate

Current Fee - FY08-09		\$20.98
- <i>OneDAY Dallas</i> - citywide	(\$0.83)	} (\$2.00)
- Fuel cost reduction	(\$0.84)	
- Postpone landfill equipment purchase	(\$0.06)	
- Staff furloughs	(\$0.08)	
- Landfill & transfer station savings - reduced hours, savings on concrete and tire processing, & biotech materials	(\$0.18)	
- Household Hazardous Waste Program	\$0.30	} \$1.36
- <i>Pride in Your Neighborhood</i> program	\$0.17	
- SAN staff cost (pension, FY09 merits, filled positions)	\$0.37	
- Day labor usage	\$0.10	
- Capital Construction (landfill waste cell fund)	\$0.14	
- SAP upgrade for SAN customer billing	\$0.12	
- Reallocation Landfill Costs & Overhead adjs	\$0.08	
- ALL other expenses to maintain service level	\$0.07	
<i>SAN Fee Impact</i>		<i>(\$0.64)</i>
FY 09-10 Proposed Sanitation Fee		\$20.34

Annual savings to residential customer = \$7.68



Revenue Assumptions

FY10 Budget Development:

- ❑ Adjust residential fee annually as needed to maintain **full cost recovery**

- ❑ **No increase to gate rate at Landfill**
 - Estimates anticipate small amount of market recovery in FY10
 - Disposal contracts account for 29% of landfill revenue
 - Landfill methane gas sales to produce \$1.2M in royalties

- ❑ **Recycling program growth**
 - Increasing volume of recycling materials from *OneDAY Dallas*
 - **From 35,000 tons in FY09 to 53,668 tons in FY10**
 - Market value of recyclables expected to increase very little

FY 09-10 Revenues Estimate

	<u>FY08-09</u>	<u>FY09-10</u>
□ <u>Collection Revenues:</u>	\$ 61.8 M	\$ 60.6 M
■ Based on 64-cent decrease in SAN fee		
■ Includes revenues for city facilities, Cost Plus		
□ <u>Recycling Revenues:</u>	\$ 2.7 M	\$ 1.2 M
■ Sale of recyclables; education fund		
□ <u>Disposal Revenues:</u>	\$ 32.4 M	\$ 27.2 M
■ Commercial customers	\$23.5 M	
■ Franchise fees	\$ 2.5 M	
■ Landfill gas royalties	\$ 1.2 M	
Total revenues projected:	\$ 96.9 M	\$ 89.0 M
<i>Current FY09 projection:</i>	<i>\$89.9 M</i>	



Net Balance to General Fund

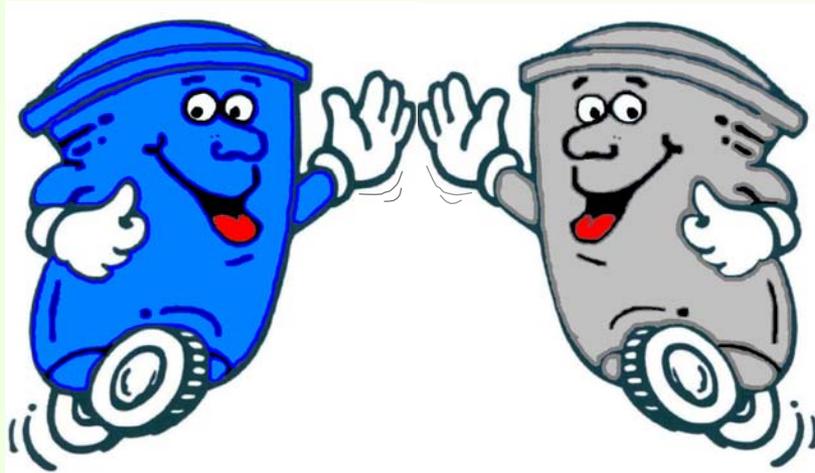
- **FY10 Expense estimate** **(\$74,461,456)**
(with 64-cent decrease to SAN rate)
- **FY10 Revenue estimate:** **\$89,011,513**
- **Net to General Fund:** **\$14,550,057**
(as a result of Landfill revenues)

Notes:

- 1) Net revenues are generated by Landfill's commercial waste haulers.*
- 2) FY09 net balance to General Fund: \$12.9M (per current estimates)*

APPENDIX

OneDAY Dallas Service goes citywide



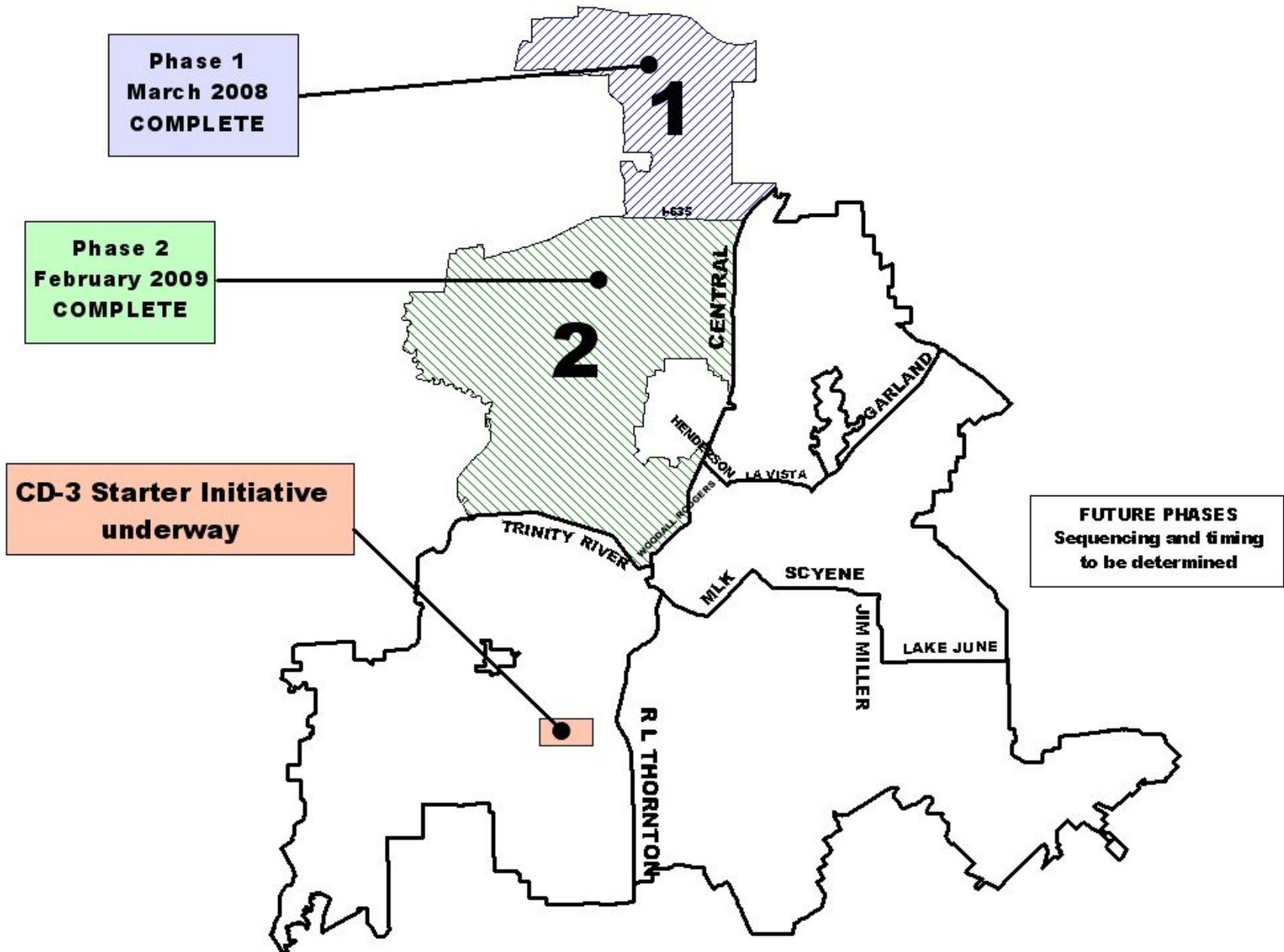
Together, we do it better !

OneDAY Dallas Update

- Council last updated April 15, 2009
- Phases 1 and 2 completed
 - Total of 62,137 households (26% of accounts)
 - Succeeded in increasing recycling while decreasing operational costs
 - Started Kiestwood neighborhood in CD3
- Leaves 74% of city not yet scheduled



Together, we do it better!

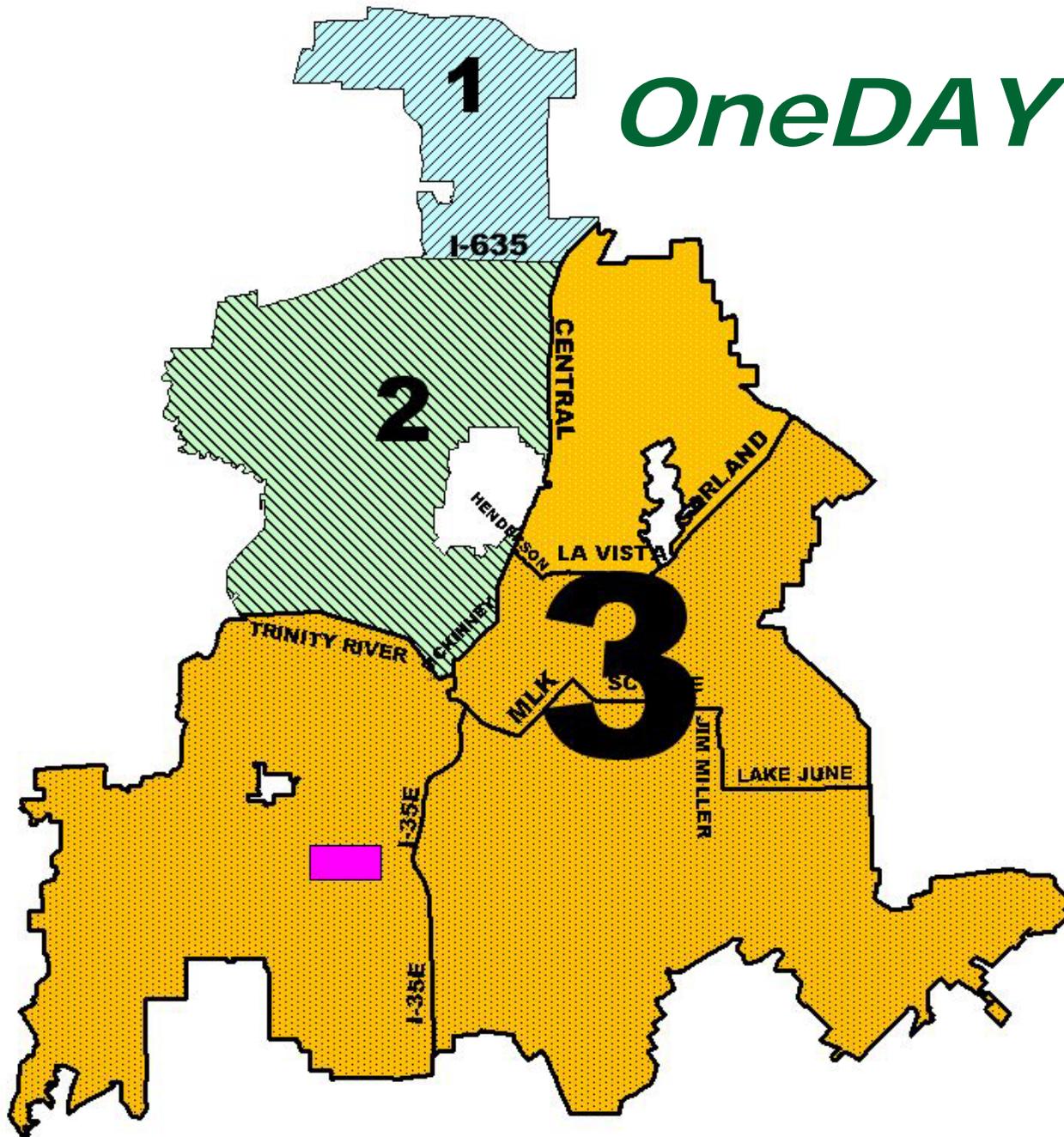


OneDAY Dallas Update

- Success of Phases 1 and 2 can be matched with a citywide effort in 2010
 - Recycling education program has reached all residents several times over since 2007; over 400,000 reached in one-on-ones
 - Public asking for **OneDay Dallas** at all of the community meetings on the FY10 budget
- Citywide transition features:
 - Affects 179,863 households
 - Start March 2010
 - Cost savings **\$2.07M** in FY10 ... another **\$1.6M** in FY11
 - Decreases the Sanitation fee
 - Requires a strong and aggressive public outreach campaign



OneDAY Dallas: Phase 3



OneDAY Dallas Update

Budget Impact - OneDAY Citywide						
Phase	FY08	FY09	FY10	FY11	FY12	TOTALS
1	\$4,210	(\$147,636)	\$0	\$0	\$0	(\$143,427)
2	\$0	(\$482,018)	(\$344,440)	\$0	\$0	(\$826,458)
3		\$0	(\$1,722,694)	(1,614,386)	0	(\$3,337,080)
Totals	\$4,210	(\$629,655)	(\$2,067,134)	(\$1,614,386)	\$0	(\$4,306,964)
Effect on SAN rate	-	(\$0.22)	(\$0.83)	(\$0.65)	\$0.00	

Notes:

- 1) Savings in FY10 are contingent on a “start date” of March1, 2010; and will be affected by the amount of residential participation and the recycling commodity markets.
- 2) The SAN fee for FY11 will be determined by many varying budget factors, any one of which may increase or decrease the rate. **OneDAY Dallas** is one factor that will have an effect of decreasing the rate.

OneDAY Dallas ... citywide

- **Completes *OneDAY Dallas* transition**
- **Simpler for resident:**
 - It's easier to remember their *OneDAY***
- **Decreases SAN budget by \$2.07M**
 - Reduces SAN fleet by 24 trucks
 - Less manpower and fuel usage
- **Environmental benefits**
 - Decreases air emissions
 - Increases recycling by 18,668 tons (or by 50%)- from 35,000 tons to 53,668
 - Saves landfill space:
 - additional 18,668 tons have commercial value of \$ 392,028
 - the total 53,668 tons have commercial value of \$1,127,028



Together, we do it better!

Next Actions

- **Request Council approval to proceed with *OneDAY* citywide**
- **Finalize SAN budget**
- **Initiate public outreach campaign**

