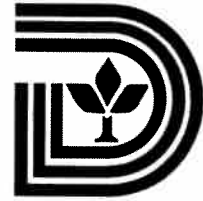


Memorandum



CITY OF DALLAS

DATE August 13, 2010
TO Honorable Mayor and Members of the City Council
SUBJECT **Sanitation Services Proposed FY11 Budget**

On August 18, 2010, Sanitation Services will brief the subject topic. Attached are the briefing materials for your review.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

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
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Mary Nix, Director, Sanitation Services
Helena Stevens-Thompson, Assistant to the City Manager



Sanitation Services

Proposed FY11 Budget

Council Briefing

August 18, 2010



What does Sanitation do?

- **Serve Dallas' single-family residences by collecting residential waste and recyclables**
 - Cost of service is driven by:
 - Labor, equipment, fuel - 71% of expenses
 - Self-supporting through Sanitation Fee
 - Fee is a **full-cost recovery** model – not subsidized by General Fund

- **Operate regional landfill (McCommas Bluff)**
 - Primary purpose to meet residents' needs
 - Residential customer generates 35% of landfill waste
 - Residents pay “cost” for landfill use
 - Provides disposal for commercial waste haulers
 - Deliver 65% of waste stream – about 1.1M tons
 - Pay **market rate of \$21/ton** – generating net revenue for General Fund

What's different in the SAN service?

- **No change in service to customers**
- **Residential rate decrease of 9¢**
 - From \$20.34 to \$20.25
 - 2nd rate decrease in two years
 - Largely due to ***OneDAY Dallas*** and fuel costs
- **Budget amount cut by \$1.7m (or 2.3%)**
- **Slight increase in landfill fee**
 - From \$21 to \$21⁵⁰/ ton, due to CPI increase
 - No effect on residential customer

EXPENSES

– and how they affect SAN Fee

■ Expense reductions

- **(\$1.4M): OneDAY Dallas**
 - Full-year savings from *OneDAY*
- **(\$1.2M): Fuel**
 - SAN vehicles annually use 2M gal
 - Majority is diesel and CNG
 - In FY11, fuel rate lowered to \$2.66/gal; usage to drop by 12%
- **(\$0.5M) Furlough, pay cuts**
 - All SAN staff to use furlough day, with flexibility to maintain service
- **(\$0.3M) Other**
 - Delay concrete crushing & mulching
 - Adjust trash collection frequencies at city facilities

■ Cost Increases

- **\$1.1M: Contract for Day Labor**
 - New 3-year contract increases cost of day labor by 8%
- **\$0.9M: Account changes**
 - Number of SAN accounts decreased from 236,810 to 236,147 (more home vacancies from slow economy)
 - Non-collectable rate rising to 2% (fewer are paying their bills)
- **\$0.2M: Facility Upgrades**
 - Replace weigh scales, modify aging structures at transfer sites

Budget Summary of Services

Current Year Budget

Proposed FY11 Budget

Bid Name	FY10 Budget		FY10 Revs	FY11 Proposed Budget		FY11 Revs
	FTEs	Dollars	Budget	FTEs	Dollars	(Proposed)
Animal Collection	9.6	\$516,663	\$525,375	6.0	\$329,921	\$306,867
Brush/Bulk Waste	159.2	\$12,396,374	\$12,705,404	141.0	\$11,201,110	\$11,137,694
City Facility Services	0.0	\$950,771	\$736,855	0.0	\$850,988	\$736,855
Landfill Services	141.3	\$17,687,842	\$33,006,057	149.7	\$16,378,567	\$32,188,464
Residential Refuse	431.3	\$31,303,217	\$30,976,556	419.7	\$31,824,605	\$30,160,215
Waste Diversion	102.4	\$11,606,589	\$11,061,266	132.1	\$12,162,775	\$14,013,987
Totals	843.7	\$74,461,456	\$89,011,513	848.4	\$72,747,965	\$88,544,082
FY10 Projected -JunFTA	794.7	74,074,586	85,985,846			

Contribution to General Fund of \$15.5M

FY11 Revenue Summary

	<u>FY09-10</u>	<u>FY10-11</u>
<ul style="list-style-type: none"> □ <u>Collection Revenues:</u> <ul style="list-style-type: none"> Based on 9¢ decrease in SAN fee Includes revenues for city facilities, Cost Plus 	\$ 60.6 M	\$ 59.7 M
<ul style="list-style-type: none"> □ <u>Recycling Revenues:</u> <ul style="list-style-type: none"> Sale of recyclables; education fund 	\$ 1.2 M	\$ 2.1 M
<ul style="list-style-type: none"> □ <u>Disposal Revenues:</u> <ul style="list-style-type: none"> Commercial customers \$21.9 M Franchise fees \$ 2.9 M Landfill gas royalties \$ 1.9 M 	\$ 27.2 M	\$ 26.7 M
Totals:	\$ 89.0 M	\$ 88.5 M
<i>Current FY10 projection:</i>	<i>\$86.0 M</i>	

REVENUE detail - \$88.5M

- **\$59.7M: Collection revenues**
 - **\$58.6M for SAN Residential Services:**
 - **Full-cost recovery** model – collects only what is needed to meet the cost of service :
 - \$30.0M for residential refuse
 - \$11.8M for recycling collections and other waste diversion, public outreach programs
 - \$11.1M for brush / bulk service
 - \$ 5.4M for disposal of residential wastes at landfill
 - \$ 0.3M for dead animal collection
 - **\$ 0.7M for waste collection at City buildings**
 - Revenues are equal to the cost of collection, cost is charged directly to departments served
 - **\$0.1M for Cost-Plus collection** (out-of-monthly-cycle requests for brush pick-up)
 - **\$0.3M for adjusting the fee for our small business customers to market rates**
 - commercial trash collection (mostly CBD area)
 - Increases revenue by \$0.3M
- **\$ 2.1M: Recycling revenue-share**
 - offsets the cost of service to residential customer
- **\$26.7M: Landfill and Disposal Fees**
 - \$21.9 from landfill use by commercial waste haulers
 - Modify landfill fee slightly from \$21 to \$21⁵⁰/ ton
 - Rate changes associated with consumer price index (CPI), which increased 0.9%
 - Set special rates for hard-to-manage wastes (mattresses, tires, contaminated soil)
 - \$1.9M from royalties of landfill gas sales
 - \$2.9M from franchise fees for solid waste haulers

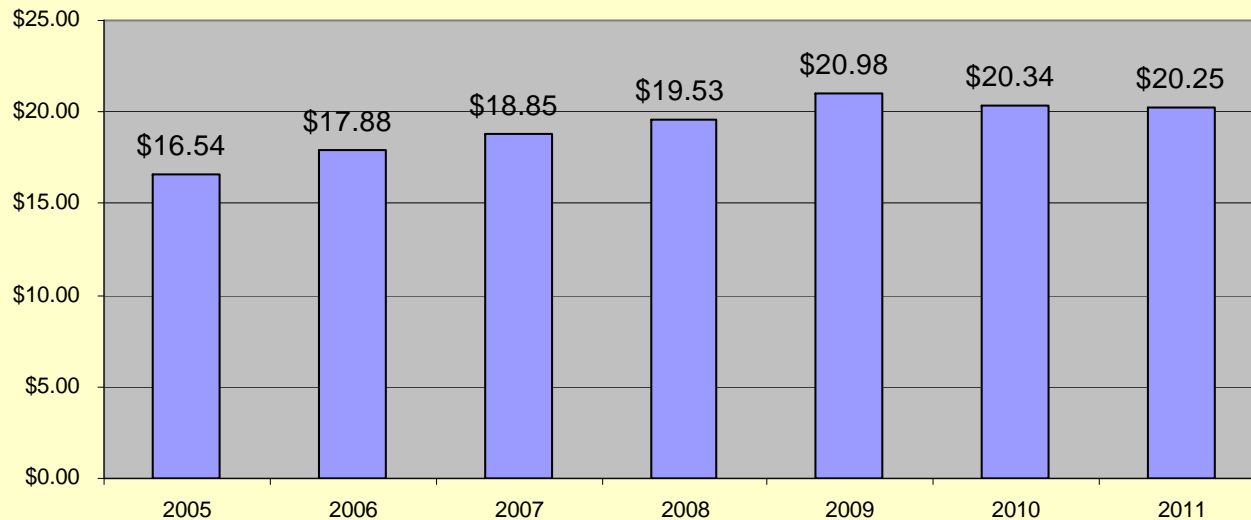
SAN Fee projection for FY11

Current Fee - FY09-10		\$ 20.34
- OneDAY Dallas: full-year savings	\$ (0.42)	
- Lower fuel costs	\$ (0.37)	
- Furlough of 8 days, salary cuts	\$ (0.15)	
- Delay concrete crushing at landfill	\$ (0.03)	
+ Day Labor - new contract	\$ 0.40	
+ Adjust for fewer accounts, collection rate	\$ 0.38	
+ Facility maintenance	\$ 0.07	
+ Other costs to maintain service level	\$ 0.03	
DECREASE to SAN Fee:		\$ (0.09)
FY10-11 Proposed SAN Fee:		\$ 20.25

Residential SAN Fee

Sanitation Fee - FY2005 through FY2011

(without sales tax)



FY	2005	2006	2007	2008	2009	2010	2011
Fee	\$16.54	\$17.88	\$18.85	\$19.53	\$20.98	\$20.34	\$20.25
Change	-	\$1.34	\$0.97	\$0.68	\$1.45	(\$0.64)	(\$0.09)

NOTE: Steep increase in fuel prices affected the FY09 fee change

What
do
other
cities
charge
....?

Jurisdiction	Population	Accounts Serviced	City or Private Hauler	Residential Rate over 3 Years		
				FY 08	FY 09	FY 10
Dallas	1,316,350	258,000	C	\$18.85	\$20.98	\$20.34
Other cities in Texas						
San Antonio	1,373,668	340,261	City	\$17.99	\$19.00	\$18.74
Houston	2,257,926	368,000	City	\$18.29	\$24.76	\$26.88
Austin	786,382	180,000	City	\$19.85	\$24.85 - 90 gal. \$18.25 - 60 gal. \$13.35 - 30 gal.	\$26.95 - 90 gal. \$23.40 - 60 gal. \$13.50 - 30 gal.
Ft. Worth	736,200	195,996	Pvt	\$22.75	\$22.75 - 96 gal \$17.78 - 60 gal \$12.75 - 32 gal	\$22.75 - 96 gal \$17.78 - 60 gal \$12.75 - 32 gal
Irving	213,700	39,187	City	\$18.25	\$18.25	\$18.25
Corpus Christi	287,438	90,000	City	\$18.53	\$19.53	\$16.91
Denton	110,300	24,989	City	\$21.75 - 90 gal. \$20.60 - 60 gal. \$19.00 - 30 gal.	\$22.95 - 90 gal. \$21.50 - 60 gal. \$19.55 - 30 gal.	\$21.00 - 90 gal. \$18.65 - 60 gal. \$16.45 - 30 gal.
Garland	229,600	65,000	City	\$16.25	\$18.25	\$17.33
Benchmark cities nationwide						
Phoenix	1,601,587	380,000	City	\$24.45	\$26.80	\$26.80
Miami-Dade County	2,500,625	327,300	County	\$36.58	\$36.58	\$36.58
Long Beach	462,604	114,600	City	\$20.84	\$21.96 - 100 gal. \$18.65 - 64 gal.	\$21.96 - 100 gal. \$18.65 - 64 gal.
San Jose	964,695	302,923	Pvt	\$77.40 - 96 gal. \$51.60 - 64 gal. \$25.80 - 32 gal. \$24.30 - 20 gal.	\$80.85 - 96 gal \$53.90 - 64 gal \$26.95 - 32 gal \$25.10 - 20 gal	\$82.50 - 96 gal \$55.00 - 64 gal \$27.50 - 32 gal \$25.90 - 20 gal
Seattle	617,334	314,000	Pvt	\$52.95 - 96 gal. \$13.55 - 20 gal. \$17.65 - 32 gal	10% increase, add \$5.35 for yard waste	\$74.55 - 96 gal \$49.70 - 64 gal \$24.85 - 32 gal