

Sanitation Services Department

FY06-07 Budget

Briefing to City Council
September 6, 2006

Seven SAN Services:

Residential Refuse Collection \$27,484,809

- Essential public health service
- Twice weekly collection
- 242,000 accounts generates over 300,000 tons of waste
- Transport of waste from 3 transfer stations
- 344 FTEs and 200 vehicle units

Brush / Bulk Service \$11,006,770

- Monthly collection of 350,000 tons each year
- 157 FTEs and 157 vehicle units

Dead Animal Removal \$483,675

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

Seven SAN Services, cont:

Waste Diversion & Recycling \$8,664,260

- Residential program: *Too Good To Throw Away*
- Recycling drop-off centers serving single & multi-family
- Household Chemical Collection center
- Diversion at landfill: green waste, concrete, asphalt

Landfill Operations \$13,115,074

- Regional disposal facility
- Generates \$17M in commercial revenues
- 123 FTEs, 40 pieces of heavy equipment

City Facilities Refuse Collection \$653,326

- Both on-demand and scheduled service
- 208 facilities – contractor collected with city oversight

SAN Dept Support \$7,777,053

- 31 FTEs to manage \$69M in budget, 671 FTEs
- Includes \$4M in capital transfers

What's the Value of SAN Services ?

- Pick up your garbage 104 times a year
 - 1.5 tons per household each year
 - Cost-of-service 20% less than comparable ICMA cities
- Collect 300,000 tons of bulk waste
 - Tree limbs, broken appliances, old furniture, debris
 - Monthly service is 4 times more frequent than benchmark cities
- Recycle and divert 200,000 tons of waste
 - Household items – plastic, paper, metal, cardboard
 - Christmas trees and other green waste
 - Old concrete, asphalt, used tires
 - Hazardous wastes – pesticides, paint, motor oils
- Remove over 50,000 dead animals
 - From residential households, veterinarians, rights-of-way

SAN Services - Budget Expenses

Ten services in FY06 budget are recombined to seven services in FY07, aligned with the Budgeting For Outcomes strategies.

SUMMARY OF BFO BIDS			
Service	Budgeted FY 2005-06	BFO Proposed FY 2006-07	Comments
SAN Departmental Support	3,566,182	7,777,053	Includes \$4M for Lindfield realloc of funds from Brush Busters
Animal Collection	240,104	483,675	
City Facilities - Collection and Disposal	653,326	653,326	
Landfill Operations	12,426,657	13,115,074	
Residential Brush Collection	11,022,621	11,006,770	
Residential Garbage Collection	26,581,050	27,484,809	
Waste Diversion	3,360,940	8,664,260	New TGTA Program
Totals	\$ 57,850,880	\$ 69,184,967	

Residential Fee – budget estimate

Current Fee			\$17.88
Cost to maintain service			(\$0.08)
Revised allocation to residential rate based on tonnage;			
Decreases in Worker's Compensation;			
Fuel Cost Increases;			
Fleet maintance cost reductions (Serco contract);			
Equipment notes - reduction from 5-yr program; 6th year replacements;			
and other cost adjustments;			
"Too Good To Throw Away" enhancement			\$1.05
FY 05-06 Prelim. Projection			\$18.85
<i>Net change:</i>			<i>\$0.97</i>

SAN Rate Forecast

Sanitation Financial Forecast					
		FY 05-06	FY 06-07*	FY 07-08**	FY 08-09**
Expenses		\$57,850,880	\$69,184,967	\$72,539,802	\$75,294,420
Revenues		\$71,661,754	\$81,303,731	\$81,712,698	\$86,030,786
Net Amount		\$13,810,875	\$12,118,764	\$9,172,896	\$10,736,367
Residential monthly rate		\$17.88	\$18.85	\$19.53	\$19.64
Rate Impact			\$0.97	\$0.68	\$0.11

* For FY06-07, the \$12M net amount includes \$8M in Landfill revenues due to commercial customers and the one-time DFE Linfield project.

** Projections for FY08 and FY09 are *estimates* based on current information.

Revenue Assumptions

FY 06-07 Budget Development:

- Adjust residential fee to maintain full cost recovery
- Recycling program (*Too Good To Throw Away*) recovers for the full year. Service expands city-wide in Jan 2007
- Revise method of collection for commercial haulers to franchise; revenue increase of \$300K
- McCommas Bluff Landfill “revenue tons” slightly over 1M tons; no increase in tip fee at \$16

FY 06-07 Revenues Estimate

	<u>FY05-06</u>	<u>FY 06-07</u>
<ul style="list-style-type: none"> □ <u>Collection Revenues:</u> <ul style="list-style-type: none"> ■ Based on total budget with \$18.85 residential rate ■ Includes all revenues – city facilities, cost plus 	\$ 52.9 M	\$ 55.7 M
<ul style="list-style-type: none"> □ <u>Recycling Revenues:</u> <ul style="list-style-type: none"> ■ Sale of recyclables; education fund 	\$ 0.0 M	\$ 2.5 M
<ul style="list-style-type: none"> □ <u>Disposal Revenues:</u> <ul style="list-style-type: none"> ■ Tipping fees (charge per ton) \$16.6 M ■ One-time disposal from <ul style="list-style-type: none"> DFE Linfield LF project \$ 4.0 M ■ Permits / Franchise \$ 2.3 M ■ Load removal (landfill) \$ 0.1 M ■ Landfill Gas Lease \$ 0.1 M 	\$ 18.7 M	\$ 23.1 M
Total revenues projected:	\$71.6 M	\$81.3 M



APPENDICES:

- A. Assumptions for cost of *Too Good To Throw Away*
- B. Recycling Collection RFP
- C. Cost comparisons for other recycling service types

Assumptions for cost of *Too Good To Throw Away Program*

Roll cart supply	\$ 1,641,140	Awarded 08-09-06
Processing of recyclables	(\$ 1,983,625)	Awarded 08-09-06
Collection of recyclables		
- CWD extension – 3 months	\$ 717,850	Awarded 08-23-06
- New contract – 9 months	\$ 4,405,848*	<i>Pending evaluation of RFP; target award Sep 27 or Oct 11)</i>
Educational Fund (collector)	(\$ 520,981)	<i>Same as above</i>
Educational Fund (processor)	(\$ 10,000)	Awarded 08-09-06

* Note: Collection contract cost is based on an estimated \$2.10 per household

Recycling Collection RFP

- ◆ Proposals received for Collection Service on 08-18-06 - 4 offers
- ◆ Proposal cost in line with budget estimates
- ◆ “Best & Final” offers pending via Evaluation Committee
- ◆ Range of unit cost for service:

	<u>Year 1</u>	<u>Year 2</u>
	\$1.99 - \$2.60	\$2.07 - \$2.70
◆ City cost-of service	\$2.08	\$1.83
- ◆ Other proposals of service style for 7-year contract:
 - ◆ Twice monthly – curb service only - discount of 15%
 - ◆ Blue bag only - 25% discount

Recycling Service Options

Relative Cost Comparison

<u>Service Style</u>	<u>Rate Impact*</u>
<i>Too Good To Throw Away</i> program <ul style="list-style-type: none">▪ Twice weekly garbage▪ Twice monthly recycling	\$0.97
Option 1 <ul style="list-style-type: none">▪ Once weekly garbage▪ Once weekly recycling	\$0.68
Option 2 <ul style="list-style-type: none">▪ Once weekly garbage▪ Twice monthly recycling	\$0.34
Option 3 <ul style="list-style-type: none">▪ Twice weekly garbage▪ Twice monthly recycling by <u>subscription only</u>	(\$0.65) \$7.50

*"Rate Impact" is the *relative* effect of the selected recycling program style on the proposed Sanitation rate for FY07 only, if implemented in place of the Too Good To Throw Away Program.