

Leon County Board of County Commissioners Budget Workshop Item #13

July 8, 2013

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Authorization to Implement a Fee Structure For Use of the Rural Waste Service Centers

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator
Lead Staff/ Project Team:	Scott Ross, Director, Financial Stewardship Maggie Theriot, Director, Office of Resource Stewardship Robert Mills, Director, Solid Waste

Fiscal Impact:

This item has a fiscal impact. Implementation of a fee for use of the Rural Waste Service Centers (RWSC) will result in revenue to offset the program’s operational cost and therefore eliminating the general revenue subsidy to the Solid Waste Enterprise Fund. Annual revenue is estimated at \$900,000, with collection beginning October 1, 2013.

Staff Recommendation:

Option #1: Authorize implementation of a fee structure for use of the RWSCs intended to eliminate the general revenue subsidy to include a flat rate based on \$10 a month and a usage fee of \$2 per bag, \$2 per use of yard debris, and \$4 per use of bulky and authorize the closure of the Blount RWSC.

Report and Discussion

Background:

Over the past several years, the Solid Waste program has undergone a comprehensive review assessing the efficiency and effectiveness of each aspect of the program. Staff has undertaken various steps to determine opportunities to reduce cost while increasing recycling.

Regarding curbside collection, the current residential waste collection Franchise Agreement with Waste Management, Inc. initially commenced April 21, 1987 for a period of ten years. Since April 1987, the Board extended the Waste Management Agreement four times with the last extension expiring on September 30, 2013.

During the December 11, 2012 meeting, the Board approved issuance of an Invitation to Bid (ITB) for the Exclusive Franchise to Provide Waste Collection Services in Unincorporated Leon County. The ITB was developed with a deliberate effort to provide the greatest level of service, increasing recycling efforts, and, at the same time, reducing the cost to current residential subscription customers. Waste Pro was the lowest responsive and responsible bidder with a rate 32% lower than that paid by current subscribers.

Three different options related to the service area were included in the bid document, including Universal Collection. As a component of the April 23, 2013 Budget Workshop the Board selected Universal Collection, meaning all unincorporated residents will receive curbside service. Under the Universal Collection method the Rural Waste Service Centers (RWSC) would have closed. Reflective of the magnitude of potential change to the solid waste program as well as changes relating to stormwater and transportation gas tax, a Public Information and Community Outreach Plan was approved by the Board.

As a substantial component of the Communication Plan, staff conducted three community informational meetings to provide a greater level of interaction than would normally occur at a formal public hearing. These meetings were in geographically diverse areas of the County (Chaires Elementary, Fort Braden School, and Montford Middle School). Staff provided a panel that included representatives from County Administration, the Department of Resource Stewardship and the Department of Community Development and Public Works. Each meeting began with a brief presentation outlining the budgetary constraints then followed by citizen questions and comments.

Citizens addressed concerns and questions to the potential closure of RWSCs:

- Litter and illegal dumping – Residents expressed worry that the closure of RWSCs would directly contribute to increased litter and illegal dumping.
- Impacts on recycling – Concerns that closing the RWSCs would eliminate convenient means of recycling and material reuse.
- Equity of cost – Examples were provided of some citizens generating a small amount of waste proportionate to others and yet being charged the same fee for collection.

- RWSCs being “free” – Many did not agree with the statement that RWSCs are currently “free.” Ideas were expressed that although there is no charge for use of the RWSCs it does not equate to free service. Users provide their personal time, energy and fuel to deliver the waste to the center and they too contribute to the County’s general revenue through property tax which in turn subsidizes the operations of RWSCs.
- RWSC user fee – Citizens felt an alternative to closing the RWSCs would be to charge users a fee. A willingness to pay was expressed.
- Household Hazardous Waste – Apprehension was expressed that citizens may improperly dispose of hazardous waste upon closure of the RWSCs. Hazardous waste is not included in the curbside service and current collection points are not convenient.

During each of the community meetings, staff reiterated the options before the Board and made note of the Public Hearing occurring on May 28, 2013 where three alternative scenarios for solid waste could be considered by the Board should the citizens wish to attend. Per Board direction during the April 23, 2013 Budget Workshop a Public Hearing was required in order to consider an ordinance that would have implemented Universal Collection and correspondingly closed the five RWSCs. The Public Hearing was conducted on May 28, 2013 at which time 30 speakers addressed the Board with concerns. At the completion of the Public Hearing, the Board chose not to pursue Universal Collection and directed staff to refine options for a user fee for the RWSCs which would eliminate the general revenue subsidy.

The recent strides within the Solid Waste program in regards to curbside collection, disposal services and overall program efficiencies is an essential component of the following FY2012 & FY2013 Strategic Initiative that the Board approved during its January 29, 2012 meeting:

“Develop and implement strategies for 75% recycling goal by 2020, including seek competitive solicitations for single stream curbside recycling and comprehensively reassess solid waste fees with goals of reducing costs and increasing recycling.”

This particular Strategic Initiative aligns with the Board’s Strategic Priority – Environment, “*Reduce our carbon footprint, realize energy efficiencies, and be a catalyst for renewable energy, including solar.*” (EN4). Staff will continue to determine opportunities to reduce cost while increasing recycling.

Analysis:

As directed by the Board at the May 28, 2013 Public Hearing, staff explored multiple user fee scenarios and the related program logistics and administration of each. Many residents have stated that they would be very willing to pay for the Rural Waste service and that a flat rate should be established for all users. While other residents stated that it should not be a one size fits all approach and that a user fee should be tied to the actual waste being dropped off at the site.

During the evaluation process staff examined several scenarios for program and cost structure. Based on these differing citizen perspectives provided during the community meetings a two prong system has been identified for unincorporated citizens who do not subscribe to curbside collection services. ***Hazardous waste and recyclables would still be accepted free of charge for all users regardless of the usage model.***

- A flat annual fee established for the use of the RWSC's allowing for unlimited drop off of household waste, bulky items and yard waste.
- A usage fee (per bag) for household waste with separate fees for loads of yard waste and bulky items.

Despite consideration of numerous other models, the flat fee and usage fee is deemed to be most beneficial given the unique characteristics of our community. Offering two usage models provides the citizens with flexibility while offering balance of simplistic program administration and oversight. Other scenarios were considered such as pre-paid waste disposal bags and unmanned automated centers.

In order to calculate the usage fee for the two scenarios, a few assumptions were needed. First the operating cost of the RWSC program and related capital cost to implement the user fee system for a total annual cost of \$900,000. Secondly the number of RWSC users, which for purposes of analysis was deemed to be 7,500. To utilize the RWSCs, residents are intended to have a "license" which the County issues. Of the 38,000 unincorporated residents there are approximately 23,000 who currently subscribe to curbside collection. The remaining 15,000 are deemed to use the RWSCs or dispose of their waste through the use of other means (ie: commercial dumpsters, illegal burying, burning or littering). Users of RWSC are currently issued licenses (no cost) to be displayed on their vehicle to allow the site attendant to quickly identify authorized users.

At the time of the community meetings and Public Hearing, licenses were issued to 4,600 residents. Concerns were voiced that the number of users was much higher and citizens reported seeing many users at the RWSCs being allowed to use the centers without licenses. RWSC attendants have made strides in capturing the total number of users. This number is still significantly lower than the 15,000 non-subscribers. As of the publication of this item, 5,300 licenses were issued. Staff will continue to ensure accurate oversight of licenses. In the meantime, for calculations it is assumed that 7,500 citizens participate in the use of the RWSC. Should the Board authorize the implementation of user fee for the RWSC, staff will monitor usage and the corresponding fee collection and provide the Board an update on actual usage.

The following table represents the revenue which would be received through various rate amounts. Should the Board wish to eliminate the general revenue subsidy, each residence that makes use of the Center would be charged \$10.00 a month beginning October 1, 2013. This compares to a curbside collection subscriber who would pay \$13.40 through Waste Pro. As described above, the calculations presume 7,500 users and an operating cost of \$900,000. For illustrative purposes the rates are displayed on a per-month basis. However, payment options will be flexible and allow for residents to prepay for a partial or whole year.

Table 1: Flat Rate Fee Options

Per Home Monthly	Annual Revenue	General Rev Subsidy
\$ 10.00	\$ 900,000	\$ -
\$ 7.50	\$ 675,000	\$ 225,000
\$ 5.00	\$ 450,000	\$ 450,000

*Assumes 7,500 users

To further reduce costs and provide the most efficient use of existing resources, staff recommends the closure of the Blount RWSC at an annual savings of \$50,000. Accordingly the flat rate fee structure is based on this premise. Should the Board choose not to eliminate the Blount RWSC, the flat rate fee paid by all RWSC users would increase from \$10.00 to \$10.56 in order to eliminate the subsidy. Closing of this site is believed to have limited impact on level of service to the Ft Braden community. This site is not a fully operational site and largely serves an individual neighborhood. The Blount site is seven miles away from the Ft Braden RWSC; operates on restricted hours and only two days a week; does not accept yard debris, bulky, or hazardous waste; and is not on a primary roadway easily accessible to the public.

It is assumed a vast majority of users will prefer to pay a flat fee granting full access to services as frequently as they wish. Reflective of this all revenue projections take into account only the flat rate participants. However as expressed during the community meetings, some residents generate less waste and feel a flat fee would not be fair. Those who wish to pay a per-use fee may do so. The following represents the proposed rate structure per-use.

- \$2 per bag: household garbage
- \$2 per usage: yard debris
- \$4 per usage: bulky items

Paying per use would be financially beneficial only those who produce a small amount of waste. Presuming a monthly flat fee of \$10.00 provides a resident unlimited access, any person who disposes of more than 4 bags a month would benefit by paying the flat annual fee rather than pay per use. For example, 5 bags a month x \$2 each = \$10 and would not provide for use of yard debris or bulky service unlike paying the flat \$10.00 fee which provides for disposal of unlimited bags and unlimited yard and bulky. Should people other than Leon County Unincorporated residents wish to make use of the RWSCs, an alternative fee structure can be developed offering a higher rate to cover disposal charges and convenience.

The County does not have a readily available billing mechanism for collecting fees outside of the property tax bill; therefore, a user fee would have to be administered in some other manner. The specific logistics will be finalized by staff, but at this time it is anticipated that fees can be paid through credit cards at each RWSC. Cash and checks will be accepted at the Solid Waste Management Facility which also serves as the Apalachee Parkway RWSC. In addition to these standard payment sites, staff anticipates conducting an on-site registration drive at each RWSC annually to provide accept cash/check and enhanced customer service. These steps would be

taken to avoid the need for site attendants to handle cash/checks and ensure the attendant's safety. Upon fee payment the user will receive an access card reflecting the status of flat fee versus pay per use. This card will grant users access to the site, and for pay-per-use customers the site attendant will reduce credits from the card reflective of how many bags of waste or use of yard debris and bulky.

Though not directly related to the user fee issue, it is apparent through the community meetings and public hearing that residents of the rural communities find great value in the RWSC. As such, staff is recommending to further enhance the facilities with a standard community bulletin board/kiosk at each RWSC. These new kiosks would allow for the County to provide a standard method to provide County related information and for the local community to have a consistent location for sharing information. Staff anticipates installing these new amenities during the next fiscal year.

The recent strides within the Solid Waste program in regards to curbside collection, disposal services and overall program efficiencies are part of a comprehensive effort to reduce cost while increasing recycling and continuing to provide valuable waste services to the community. In order to eliminate the subsidy of general revenue towards the RWSC program, staff recommends the following be implemented as of October 1, 2013:

- A flat fee (\$10.00 monthly) established for the use of the RWSC's allowing for unlimited drop off of household waste, bulky items and yard waste.
- A usage fee (\$2 per bag) for household waste with separate fees for loads of yard waste (\$2 per usage) and bulky items (\$4 per usage).
- Hazardous waste and recyclables would be accepted free of charge for all users regardless of the usage model.
- Implementation of field payment mechanism and related infrastructure.
- Closure of the Blount RWSC.

Options:

1. Authorize implementation of a fee structure for use of the RWSCs intended to eliminate the general revenue subsidy to include a flat rate based on \$10 a month and a usage fee of \$2 per bag, \$2 per use of yard debris, and \$4 per use of bulky and authorize the closure of the Blount RWSC.
2. Authorize the implementation of a fee structure at a rate to be determined by the Board and subsidize the program with general revenue accordingly.
3. Do not authorize implementation of a fee structure for use of the RWSCs and continue to operate free of charge therefore continuing to subsidize the program with general revenue.
4. Board direction.

Recommendation:

Option #1 is included in the preliminary budget.