

# **Board of County Commissioners**

Leon County, Florida

## **Workshop to Review Issues Regarding Solid Waste Management Plan**

*April 25, 2006*  
**12:00 – 1:30 P.M.**

**Leon County Board of County Commissioner Chambers  
Leon County Courthouse, 5<sup>th</sup> Floor**

**This document distributed: April 20, 2006**

# **Board of County Commissioners**

## **Workshop**

Date of Meeting: April 25, 2006

Date Submitted: April 19, 2006

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator  
Tony Park, P.E., Public Works Director  
Alan Rosenzweig, Director, Office of Management and Budget

Subject: Workshop to Review Issues Relative to the Integrated Solid Waste Management Plan

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### **Statement of Issue:**

To provide the Board of County Commissioners a review of various issues related to the Solid Waste Management plan including direction to staff regarding:

1. End of term of the exclusive franchise agreement with Waste Management Inc. (WMI) for solid waste and recycling collection in the unincorporated area.
2. Establishing the solid waste disposal fees for the next five years in accordance with a five-year pro forma.
3. The development of long-term plans for a mandatory curbside collection program in the urban areas of unincorporated Leon County.

### **Background:**

On March 22, 2005, the Board conducted a workshop on the Integrated Solid Waste Management Business Plan and financial pro forma. The Board adopted the Plan and ratified the action taken at its regularly scheduled Board meeting on April 12, 2005. The pro forma called for adjusting the solid waste disposal fees upward, beginning in FY07.

On January 24, 2006 the Board authorized staff to schedule a workshop on April 25, 2006, to discuss solid waste issues. This workshop will focus on three specific areas:

- 1) The existing franchise agreement.
- 2) The five-year pro forma for Solid Waste Management and the proposed solid waste disposal fees.
- 3) Mandatory curbside collection program in the urban areas of the unincorporated portions of the County.

**Analysis:**

**The Franchise Agreement**

On November 10, 1986, the Board entered into a Solid Waste Franchise Agreement with WMI for a period of 10 years, commencing April 21, 1987. On December 30, 1996, the Board extended the Franchise Agreement to April 21, 2002. On July 10, 2001, the Board extended the Franchise Agreement to April 21, 2007.

The Franchise Agreement calls for WMI to offer residential curbside collection of garbage, recyclables, yard trash, and bulky waste on a subscription basis. The Agreement also gives WMI an exclusive franchise for collection of commercial waste in the unincorporated area.

There is a series of options the Board can consider as it relates to the Franchise Agreement. Regardless of the option selected, it is recommended that the term of the Agreement expire consistent with the termination date, May 1, 2013, of the Solid Waste Hauling and Disposal Agreement at the transfer station. The following is a brief summary of the options:

- 1) Direct staff to issue an Invitation to Negotiate to potential service providers that may be interested in providing residential waste collection services. This will allow staff to simultaneously negotiate with two or more vendors. The negotiations will conclude with a request for a "Final and Best Offer." This means of procuring solid waste collection services offers a fair amount of flexibility in developing minor adjustments in the scope of services and evaluating the cost for various collection scenarios. The County utilized this process in procuring Air Ambulance service.
- 2) Direct staff to issue a Request for Proposals for supplying curbside waste and recycling collection services in the unincorporated area. The City of Tallahassee recently advertised an RFP for similar services and received only one bid.
- 3) Direct staff to attempt to negotiate an extension of the existing Franchise Agreement with Waste Management, Inc. The current Agreement allows for a five-year extension. If negotiations are unsuccessful, then a Request for Proposal will be issued.

Staff is recommending option 1, proceeding with an Invitation to Negotiate.

The following scope of services is recommended for any of the scenarios:

- Once-per-week garbage collection.
- Once-per-week recycling collection.
- Once-per-week yard waste collection (current level of service is bi-weekly). Staff believes a once-per-week yard waste collection will eliminate confusion over service dates, increase

customer service levels, and decrease missed collections. Rates will be sought for both a once-per-week and every-other-week yard waste collection for comparison purposes.

- On-call bulky waste collection.
- Provide for curbside collection of electronics.
- Provide an option to collect Household Hazardous Waste (HHW) by appointment. It is expected the customer would incur additional cost for this service. Staff does not recommend placing HHW at the curb for collection.

**Solid Waste Revenues**

To assist in evaluating the pro forma, staff surveyed a number of other jurisdictions to compare the types and level of service and the associated disposal fees. Class I and Class III per ton disposal rates are reflected in the table below.

**Table 1 Comparative Disposal Fees**

County	Population *	**Class I waste	***Class III waste
Leon	263,400	\$28.74	\$29.00
Alachua (1)	238,800	\$44.00	\$44.00
Lake (2)	256,700	\$40.00	\$40.00
Marion	296,600	\$39.00	\$39.00
Osceola	229,100	\$38.00	\$38.00
Martin	140,200	\$42.32	\$38.60
Wakulla	26,700	\$80.00	\$80.00
Gadsden	47,100	\$60.00	\$60.00
Jefferson	14,000	\$43.00	\$32.00

- \* BEBR '05 population estimates, medium
- \*\* Class I waste is household and commercial garbage
- \*\*\* Class III waste is bulky waste such as furniture, carpet, and packaging

- (1) Other Solid Waste programs such as HHW, rural waste collection, and public education are funded through a special assessment levied against all residential and commercial parcels in throughout the entire county (incorporated & unincorporated). The single-family residential rate for this special assessment is \$15.44.
- (2) Plus \$174 per household special assessment levied throughout the entire county.

Currently, Leon County's Class I disposal fee includes \$4.68 per ton for operation of the transfer station, \$23.27 per ton for hauling and disposal and \$0.79 per ton for HHW. The Class III disposal fee of \$29.00 per ton was set on September 12, 1995.

Transfer station operating costs were also examined and compared with other jurisdictions. The amounts in Table 2 reflect transfer station operating costs only, excluding administrative overhead, surcharges, insurance cost, etc. The amounts do not include the cost of capital improvement projects either through one-time appropriation or financing costs.

**Table 2 Comparative Data for Transfer Station Operating Costs**

Jurisdiction	Leon	Alachua	Palm Beach	Marion	Martin	Ocala
Average daily tonnage	600	600	500-600	400	500	180
TS Operating Cost/ton	\$5.15	\$5.75	\$5.95	\$6.00	\$4.85	\$5.40

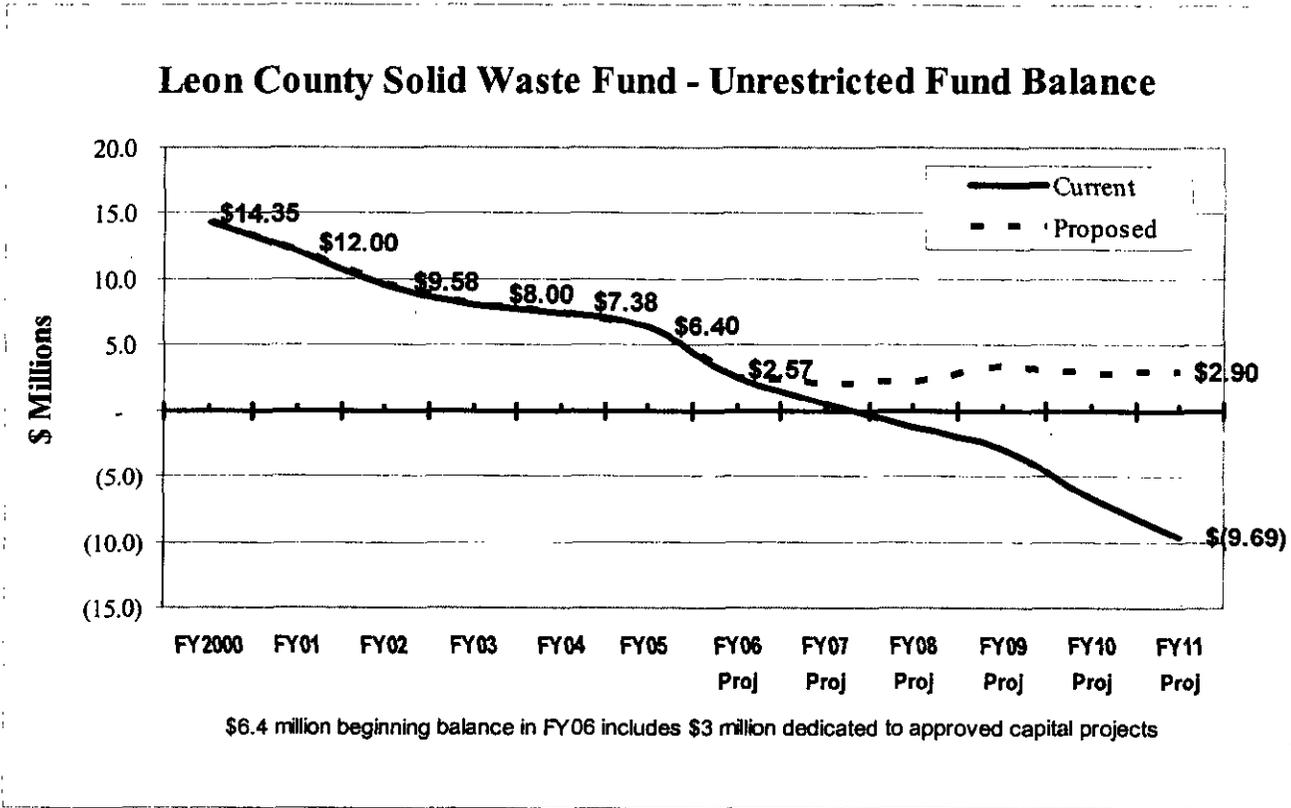
The Solid Waste staff and OMB reviewed operational revenues and expenses, waste generation trends, population trends, and the cost of future enhancements. That review is detailed in a five-year financial pro forma. Attached are the pro forma and associated CIP (**Attachment #1**). Table 3 below is a summary of the proposed disposal fees for the next five years, with projected year ending cash balances. One of the standards established in developing the five year pro forma is to maintain an unrestricted balance in the fund of \$2.5 million. These funds allow for liquidity for operational purposes, and provide a reasonable buffer for minor unforeseen occurrences.

**Table 3 Fee Schedule & Fund Balance Comparison**

	FY 2007	FY2008	FY2009	FY2010	FY2011
Beginning Base Tip Fee *	\$29.00	\$34.00	\$36.00	\$38.00	\$39.00
Proposed Tip Fee Increase	\$5.00	\$2.00	\$2.00	\$1.00	\$0.00
<b>Proposed Tipping Fee</b>	<b>\$34.00</b>	<b>\$36.00</b>	<b>\$38.00</b>	<b>\$39.00</b>	<b>\$39.00</b>
<i>* Represents tip fees at the Solid Waste Management Facility. Transfer Station tip fees will vary slightly based on annual contractual CPI adjustments and fuel surcharges.</i>					
Est. Year End Fund Balance (no tip fee increase)	\$530,000	(\$1,131,000)	(\$2,940,000)	(\$6,570,000)	(\$9,690,000)
Est. Year End Fund Balance (proposed tip fee increase)	\$2,000,000	\$2,250,000	\$3,360,000	\$2,850,000	\$2,900,000

As reflected in Table 1, Leon County has continued to maintain competitive disposal fees compared to other jurisdictions. Chart 1 below is a projection of the unrestricted cash balance in the Solid Waste Fund while maintaining existing rates versus implementing the proposed disposal fee increases. Chart 1 shows that at the end of FY01 the Solid Waste Fund had \$14.35 million as an unrestricted balance, and the projected balance for the end of the current fiscal year is \$2.57 million. The utilization of this balance was intentional in order to bring this amount to the current levels. However, in order to maintain an adequate reserve and continue to fund necessary capital improvements a fee increase is required. On a per residence basis, the proposed disposal fee increase for FY07 has a value of approximately \$0.50 per month.

Chart 1



A Financial Review Committee (FRC) was established as part of the existing Interlocal Agreement with the City of Tallahassee. The FRC consists of the County Administrator, the County Attorney, the City Manager, the City Attorney, and a citizen appointment, Cliff Hinkle, who chairs the committee. **On April 12, 2006, the FRC reviewed and unanimously endorsed the five-year pro forma and proposed rate increase.** In addition, the Landfill Liaison Committee and the Solid Waste Roundtable have all endorsed the proposal. The Solid Waste Roundtable is an informal group of solid waste stakeholders that meets from time to time to discuss community-wide solid waste issues.

The Solid Waste Management Division operates as an Enterprise Fund. Implementation of the five-year Business Plan will require an increase in revenues to support operating costs and the Capital Improvement Program. The Board's approval of the financial pro forma will provide guidance to staff in developing the revenues and expenses associated with the Solid Waste System budget for the next five years, beginning in FY07.

An important element of the financial plan is the non-ad valorem assessment for solid waste disposal. This special assessment is designed to cover solid waste disposal costs for residents within

the unincorporated area and to fund the Rural Waste Service Centers (RWSC). The current assessment of \$40 per household, set on July 25, 1995, is no longer adequate to cover these costs. A detailed review of the solid waste disposal assessment will be included in the fall workshop regarding mandatory collection.

#### Mandatory Solid Waste Collection

Currently, residents in the unincorporated area have two options regarding the disposal of their household trash: contract with Waste Management, Inc. or take their trash to one of the RWSC. Due to continued growth of the urbanized portion of the unincorporated area, demand for service such as waste collection, is increasing, and the issue of mandatory collection should be addressed. There are a number of benefits to requiring collection in the urban areas. Illegal dumping will be reduced inside the City limits, as well as in the unincorporated area. Confusion about service levels will be minimized. There will be an increase in collection efficiency and a decrease in overall energy consumption.

The proposed mandatory area includes the unincorporated portion of the Urban Services Area and the Urban Fringe. The concept of a mandatory solid waste collection area has been endorsed by the Solid Waste Roundtable and the Landfill Liaison Committee. Should the Board desire to proceed with development of a mandatory area, it is anticipated there will be a two-tiered assessment to cover the cost: one for those residents inside the mandatory area and another for those outside. Those inside would be assessed for waste collection, disposal cost, and a fraction of the cost of the RWSC. Those outside the mandatory area would be assessed for the remainder of the RWSC operating and associated disposal cost.

As part of the negotiations for a new Franchise Agreement, staff will consider the possible need for the franchisee to provide mandatory collection. To allow adequate time in developing an implementation plan, it is recommended that the Board authorize staff to schedule a workshop in the fall to discuss all aspects of mandatory collection. Included in that workshop will be the need to address the non-ad valorem special assessment.

**Options:**

1. Direct staff to issue an Invitation to Negotiate to potential solid waste collection providers, to negotiate with two or more favorable responders and seek a "Final and Best Offer" at the conclusion of those negotiations.
2. Direct staff to prepare the FY2007 to FY2012 Solid Waste Budget based on the proposed disposal fees included in the five-year pro forma.
3. Direct staff to schedule a workshop in the fall to discuss the details of developing a mandatory solid waste collection area in the Urban Services Area and Urban Fringe portions of the unincorporated area of the County, including a discussion of the non-ad valorem Solid Waste assessment.
4. Direct staff to develop a Request for Proposals for an exclusive franchise to perform residential curbside collection of solid waste, recycling, and yard waste, for the term of April 22, 2007 to May 1, 2013, rather than issuing an Invitation to Negotiate.
5. Direct staff to attempt to negotiate an extension of the exclusive Franchise Agreement with Waste Management, Inc., for solid waste and recycling collection services, rather than issuing an Invitation to Negotiate.
6. Do not direct staff to prepare the FY2007 to FY2012 Solid Waste Budget based on the proposed disposal fees included in the five-year pro forma.
7. Do not direct staff to schedule a workshop in the fall to discuss the details of developing a mandatory solid waste collection area in the urban services area and urban fringe portions of the unincorporated area of the County, including a discussion of the non-ad valorem solid waste assessment.
8. Board Direction.

**Recommendation:**

Options #1, #2, and #3.

**Attachments:**

1. Solid Waste Five-Year Pro forma and Capital Improvement Plan

PA/TP/AR/nt

**Solid Waste Five Year Proforma**

This scenario includes an increase in the Landfill & Transfer Station Tipping Fee

	FY06 Projected	FY07 Projected	FY08 Projected	FY09 Projected	FY10 Projected	FY11 Projected
1 Beginning Cash Balance						
2 Total Revenues	6,400,434	2,569,798	1,999,000	2,252,098	3,362,485	2,848,794
3 Total Resources Available	9,311,038	11,429,360	12,275,968	13,489,536	14,153,811	14,477,128
	15,711,472	13,999,158	14,274,968	15,741,634	17,516,296	17,325,922
4 Total Operating Expenditures	9,189,235	10,053,408	10,416,870	10,849,150	11,297,502	11,785,105
5 Capital Outlay	3,952,439	1,946,750	1,606,000	1,530,000	3,370,000	2,637,000
6 Total Expenditures	13,141,674	12,000,158	12,022,870	12,379,150	14,667,502	14,422,105
7 Total Resources less Total Expenditures	2,569,798	1,999,000	2,252,098	3,362,485	2,848,794	2,903,817
8 Less: Reserve for Contingency & Liquidity	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
9 Unreserved Available Balance	69,798	(501,000)	(247,902)	862,485	348,794	403,817

\* The following tipping fee increases apply to this analysis:

	FY07 Projected	FY08 Projected	FY09 Projected	FY10 Projected	FY11 Projected
Transfer Station	5.52	2.71	2.74	1.76	0.78
Landfill	5.00	2.00	2.00	1.00	

\* Current rates are \$29 per ton at the Landfill & \$28.84 at the Transfer Station

\* Increases at Transfer Station include contractual CPI adjustment and any anticipated fuel surcharges

**Other Notes:**

1. The beginning unreserved retained earnings for the fund less a recommended \$2.5 million reserve being set aside annually. The beginning balance does not include funding already set aside for closure and post closure monitoring and maintenance.
2. Total operating revenues includes all Landfill & Transfer Station Tipping Fees, Interest Earnings, Unincorporated Non-Ad Valorem Assessment and other misc. revenues.
3. The total of the beginning cash balance and annual estimated operating revenues.
4. Total Operating Expenditures includes all on-going personnel and on-going expenses (i.e. supplies, utilities, etc.) to run the landfill, transfer station, rural collection centers, hazardous waste disposal program, and recycling programs.
5. Projected capital outlay requirements for the entire system, including improvements to the landfill, transfer station and rural waste collection centers. Included in Capital Outlay is a \$250,000 reserve each year for future capacity.
6. The total of Total Operating Expenses & Capital Outlay.
7. The total operating revenues less the total operating expenditures assuming the proposed fee schedule.
8. Reserved Operating Contingency Balance.
9. Unreserved Operating Contingency Balance assuming the proposed fee schedule. This difference is the annual surplus or deficit based on the entire solid waste management function. This balance is exclusive of a \$2.5 million contingency.

**Leon County Division of Solid Waste - Capital Outlay**

	FY05 Actual	FY06 Adj Budget	FY06 Projected	FY07 Projected	FY08 Projected	FY09 Projected	FY10 Projected	FY11 Projected
036010 Transfer Station Heavy Equipment	19,763	373,890	373,890	150,000	150,000	350,000	300,000	350,000
036001 Transfer Station Construction	15,535	102,983	102,883	-	-	-	-	-
036023 Transfer Station Improvements	-	-	-	100,000	100,000	200,000	200,000	-
<b>Transfer Station Subtotal</b>	<b>35,298</b>	<b>476,773</b>	<b>476,773</b>	<b>250,000</b>	<b>250,000</b>	<b>350,000</b>	<b>500,000</b>	<b>350,000</b>
036002 Landfill Improvements	15,797	41,043	41,043	602,000	-	-	-	-
036003 Landfill - Heavy Equipment	897,207	1,612,531	1,612,531	468,500	550,000	420,000	670,000	737,000
036009 Landfill - Emergency Standby Generator	-	60,000	60,000	-	-	-	-	-
045001 Apalachee Pkwy Regional Park	206,338	243,092	243,092	-	-	-	-	-
036013 Scales/Scale house	-	150,000	150,000	50,000	-	-	-	-
036017 Class III Materials Recovery Facility	-	-	-	140,000	500,000	-	1,950,000	1,300,000
036021 Resource Recovery Area	-	-	-	250,000	250,000	250,000	250,000	250,000
Reserve for Future Capacity	-	250,000	250,000	-	-	-	-	-
036016 Household Hazardous Waste Locker	-	24,000	24,000	-	-	-	-	-
036011 Landfill Gas Treatment System	-	500,000	500,000	-	-	-	-	-
036026 Recovered Materials Processing Facility	-	-	-	-	-	-	-	-
036014 Equipment Service Bay	-	230,000	230,000	-	-	-	-	-
036020, 036022, 036024, 036025 Vehicle Requests	-	-	-	105,250	-	-	-	-
<b>Solid Waste Management Facility Subtotal</b>	<b>1,119,342</b>	<b>3,110,666</b>	<b>3,110,666</b>	<b>1,615,750</b>	<b>1,300,000</b>	<b>670,000</b>	<b>2,870,000</b>	<b>2,287,000</b>
036012 Attendants' Sheds	-	135,000	135,000	-	-	-	-	-
036015 Relocation of Apalachee RWS	-	230,000	230,000	-	-	-	-	-
036019 HHW Collection Centers	-	-	-	-	-	480,000	-	-
036018 RWS Improvements	-	-	-	-	-	-	-	-
036027 Rural Waste Service Center Compaction Equip.	-	-	-	81,000	56,000	30,000	-	-
<b>Rural Waste Collection Centers Subtotal</b>	<b>-</b>	<b>365,000</b>	<b>365,000</b>	<b>81,000</b>	<b>56,000</b>	<b>510,000</b>	<b>-</b>	<b>-</b>
<b>Total Capital Needs by FY</b>	<b>1,154,640</b>	<b>3,952,439</b>	<b>3,952,439</b>	<b>1,946,750</b>	<b>1,606,000</b>	<b>1,530,000</b>	<b>3,370,000</b>	<b>2,637,000</b>