

City of Key West, Florida

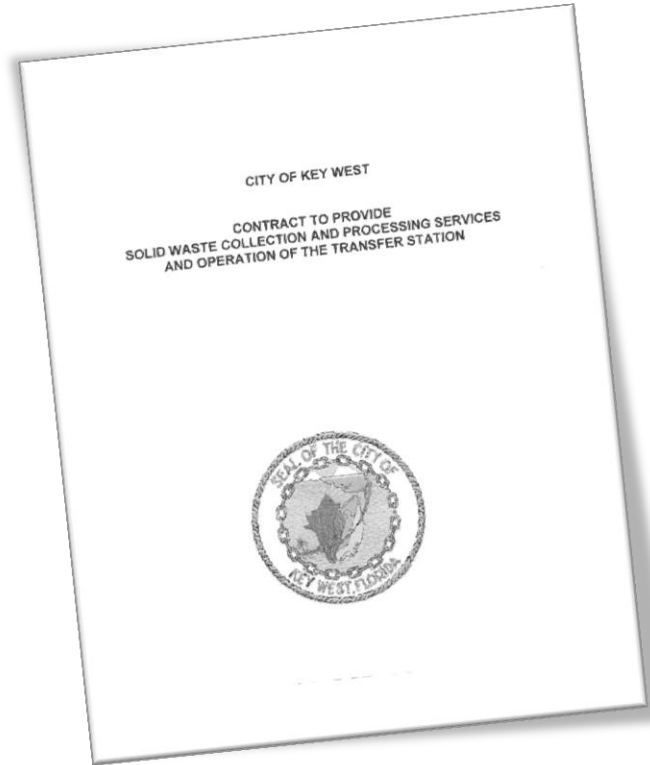
Solid Waste Rate Study Presentation

July 21, 2015



Contracted Collection and Processing Services

- New Collection Contract commenced January 1, 2015
- Residential and commercial waste and recycling collection and processing
- Haul Out for disposal and processing
- Operation of Transfer Station



Contracted Collection and Processing Services

- Collection fee adjusted by calculated CPI per Contract
- Disposal fee subject to quarterly adjustments per CPI per Contract (separate contract)
- Approximately 66% of operating budget
- Current Contract initial term expires at the end of 2021. Option of two additional four year terms (2029).



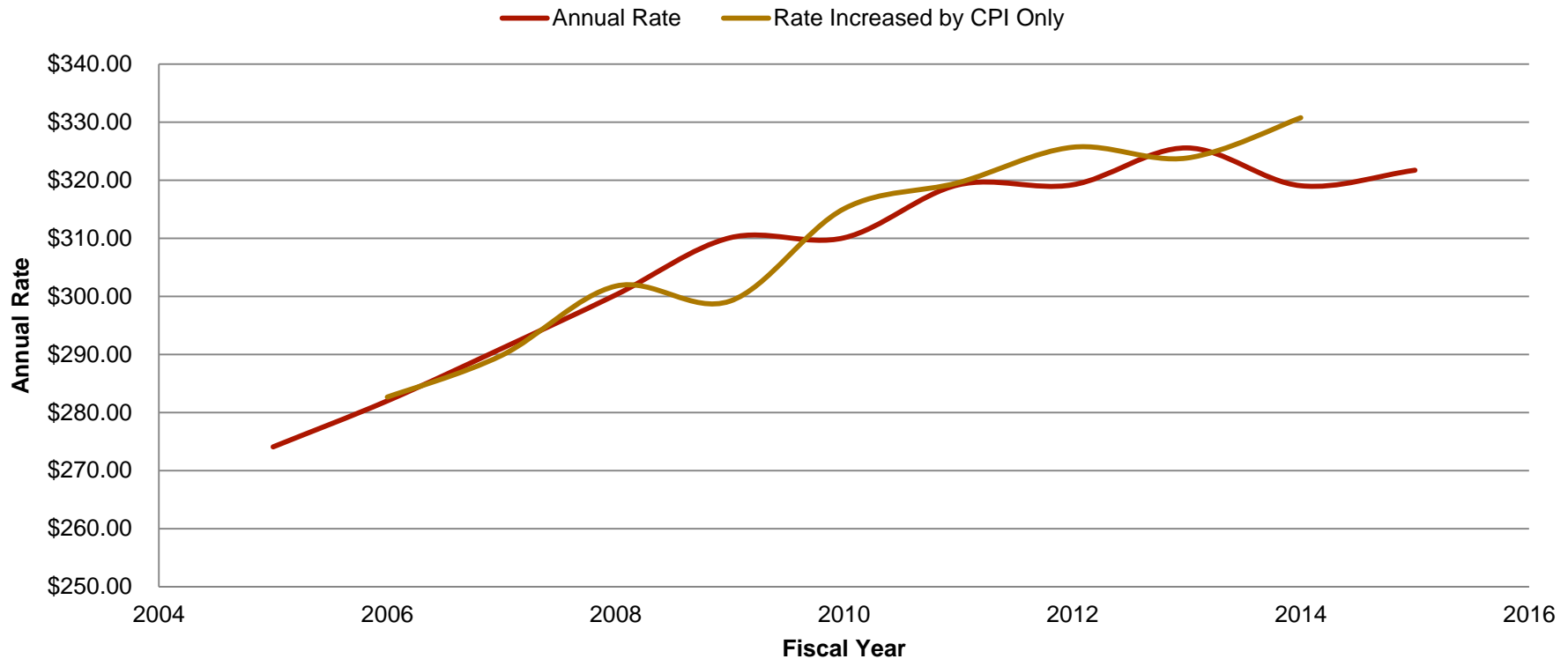
Existing Solid Waste Rate FY 2015

Residential Annual Rate =
\$321.72 per Dwelling Unit

Tipping Fee =
\$168.11 per Ton

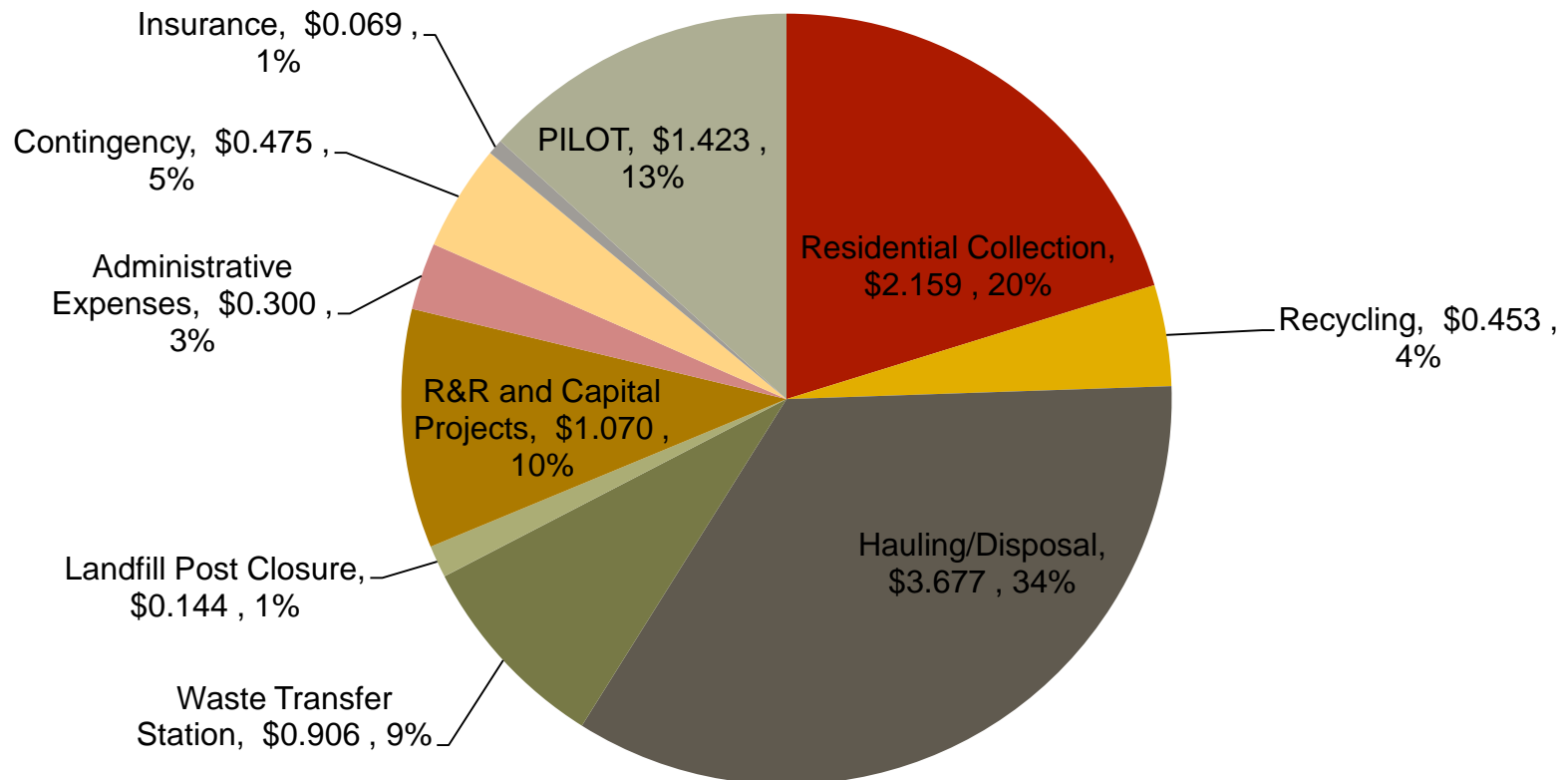
- Residential Collection
 - 1 day a week solid waste collection
 - 1 day a week recycling collection
 - 1 day a week yard waste collection
- Contract Operations of Transfer Station
- Material transported out of City for disposal or processing

Historical Annual Residential Solid Waste Rate



Annual Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rate	\$ 282.00	\$ 291.00	\$ 300.24	\$ 310.08	\$ 310.08	\$ 319.20	\$ 319.20	\$ 325.56	\$ 319.05	\$ 321.72
\$ Change	-	\$ 9.00	\$ 9.24	\$ 9.84	\$ -	\$ 9.12	\$ -	\$ 6.36	\$ (6.51)	\$ 2.67
% Change	-	3.2%	3.2%	3.3%	0.0%	2.9%	0.0%	2.0%	-2.0%	0.8%

FY2016 Solid Waste Expenses by Cost Center (\$ Millions)



Revenue Requirement Drivers:

Planned Expenditures:

- New Residential Carts Purchase for New Contract
- 50 New Public Trash Cans for Duval Street
- Trash Can and Recycling Bins for City Parks



Revenue Requirement Drivers:

Long Term Budget:

- Landfill Sink Hole Repairs
- Periodic Tipping Floor Replacement

Additional Revenue:

- Landfill escrow refund

Contingency:

- Repairs to Transfer Station, as needed
- Funds for Storm Response, Clean-up, and Haul Out



Solid Waste Rate Scenarios FY2016 – 2020 for Current 1-1-1 Collection

Scenario 1:

No Rate Increases FY2016.

Inflationary increase from FY2017-2020.

Scenario 2:

Inflationary Increases FY2016-2020.

Key Metrics to Consider

- **Cash Balance**

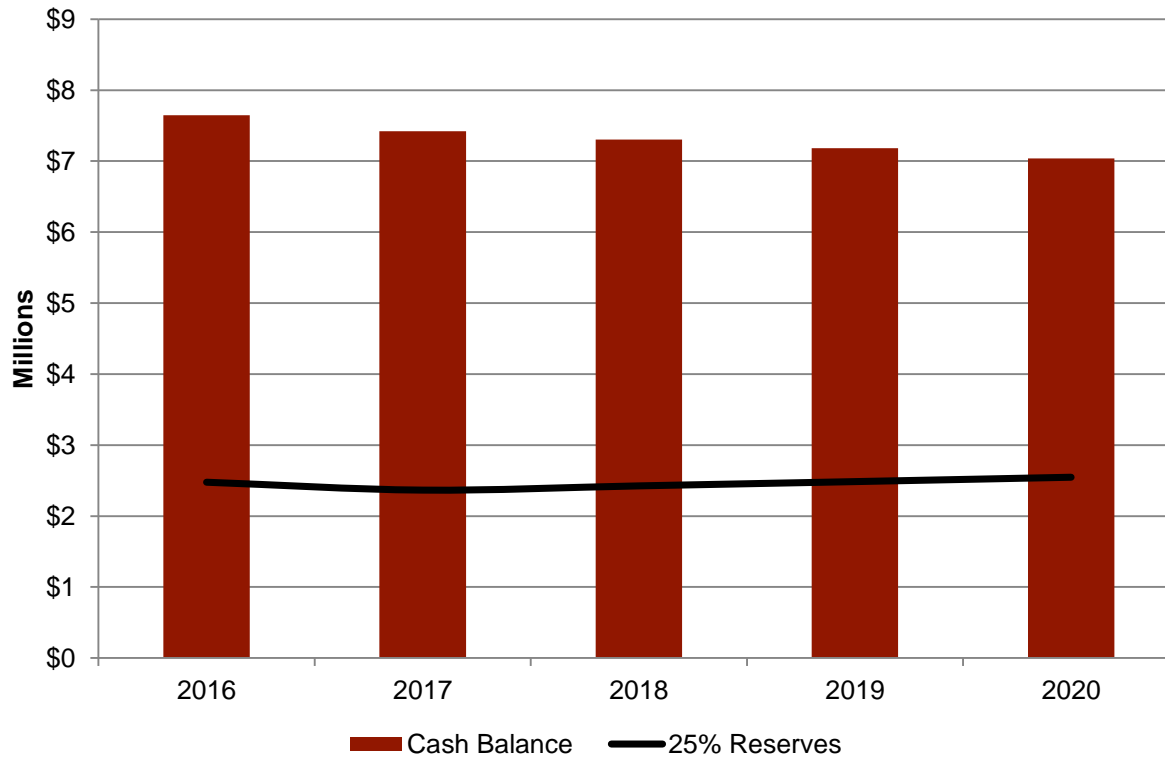
Minimum Operating Target = 25% of Current Year Expenses

- **Revenues Sufficient to Cover Expenses**

(Operating Revenues – Operating Expenses)

Scenario 1 – No Rate Increases 2016 (Inflationary Rate Increases Thereafter)

Cash Balance (Year End)



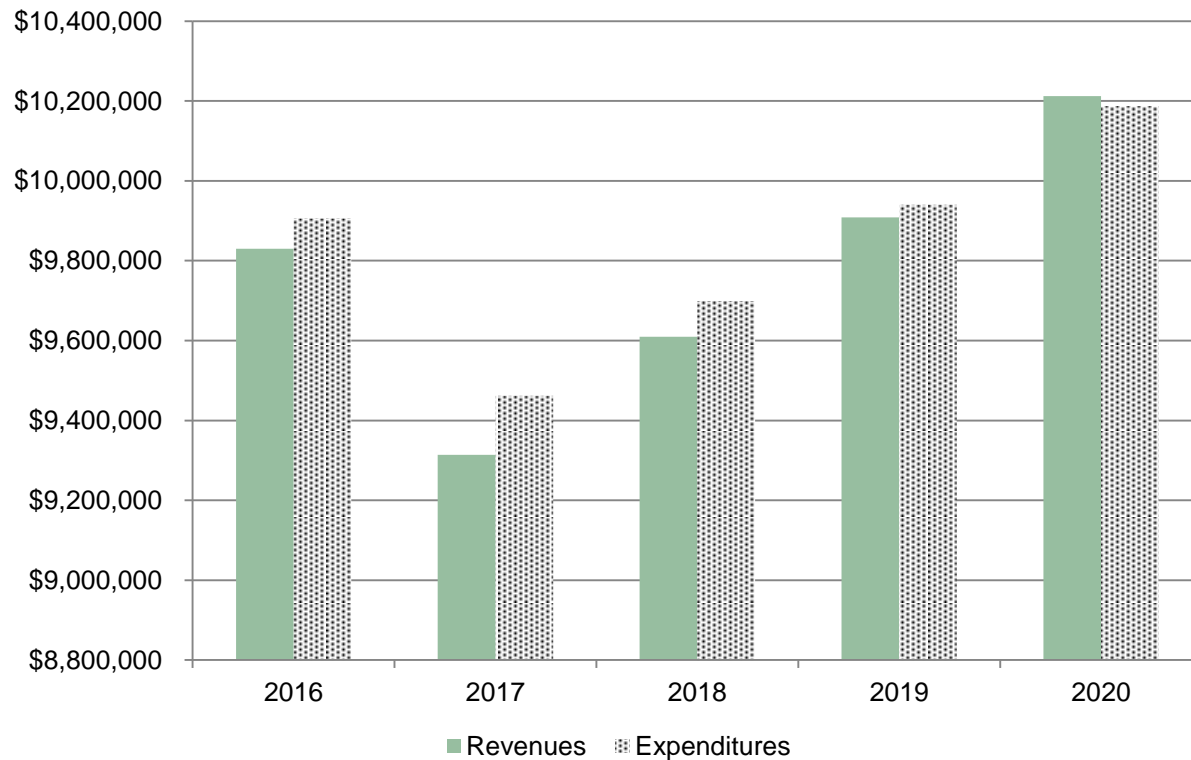
Rate Increases

2016	2017	2018	2019	2020
-	2.00%	2.50%	2.50%	2.50%

Scenario 1 – No Rate Increases 2016

(Inflationary Rate Increases Thereafter)

Revenues and Expenses

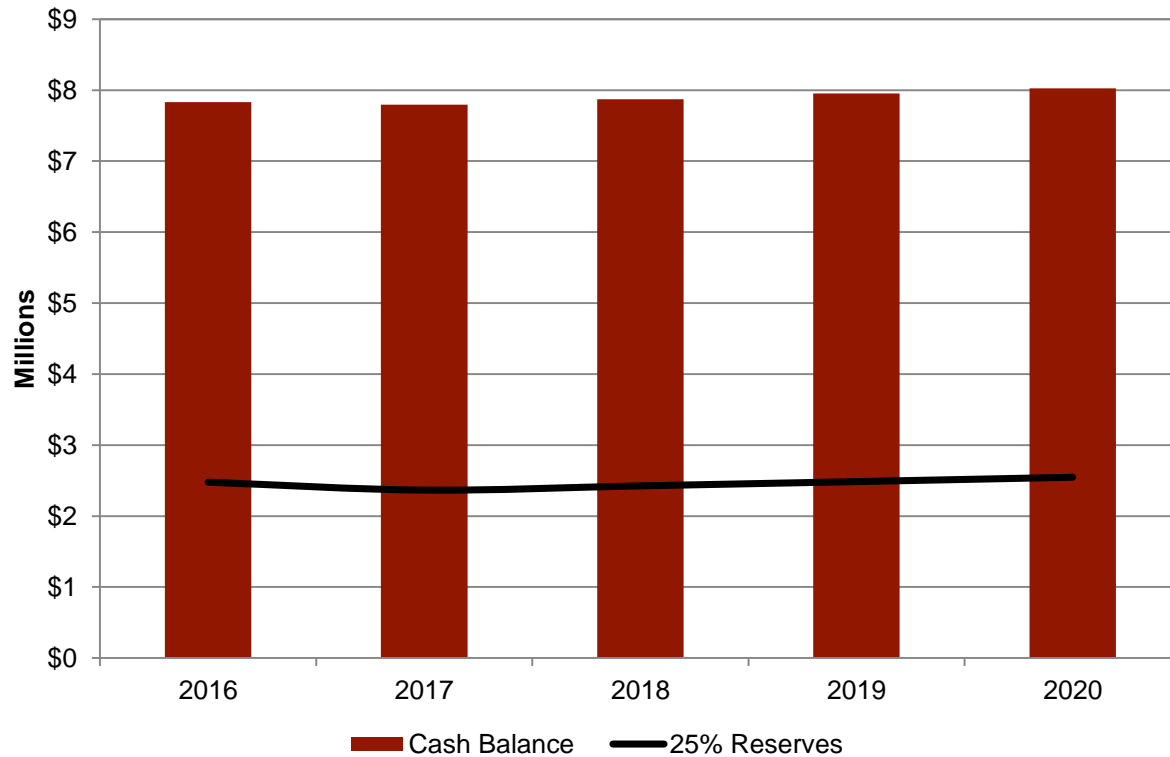


Rate Increases

2016	2017	2018	2019	2020
-	2.00%	2.50%	2.50%	2.50%

Scenario 2 – Inflationary Rate Increases 2016-2020

Cash Balance (Year End)

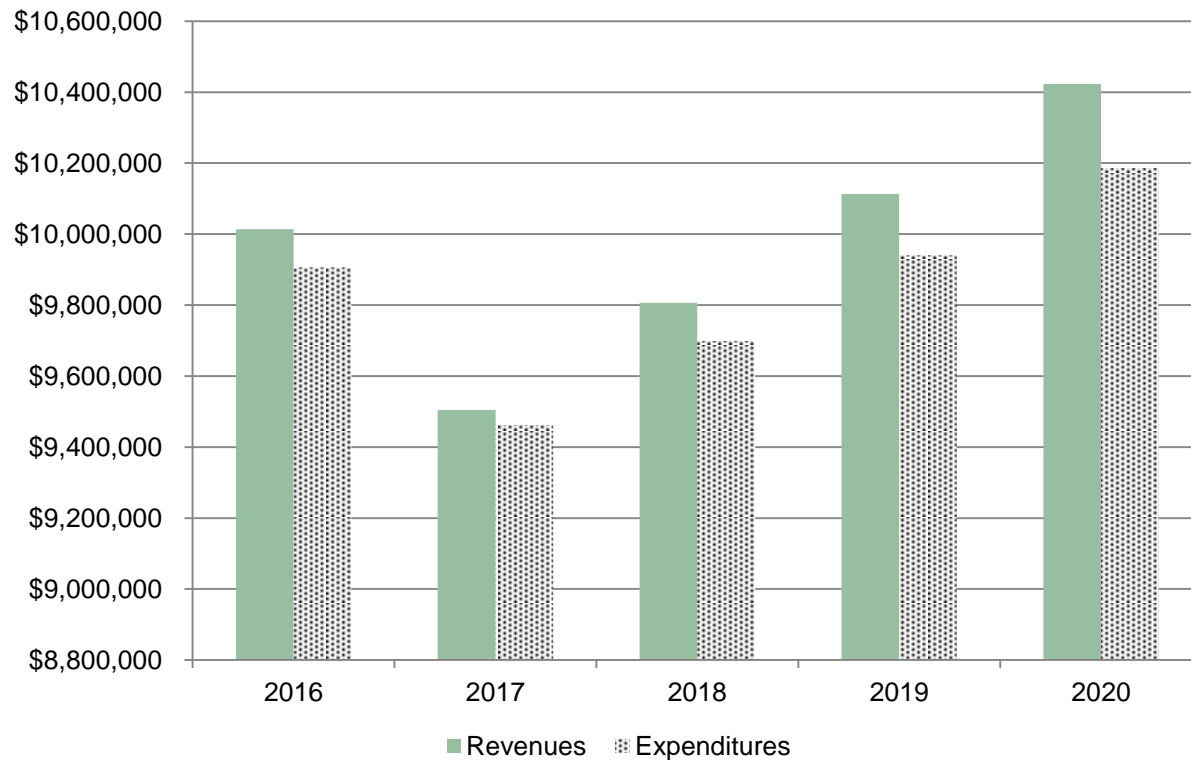


Rate Increases

2016	2017	2018	2019	2020
2.03%	2.00%	2.50%	2.50%	2.50%

Scenario 2 – Inflationary Rate Increases 2016-2020

Revenues and Expenses



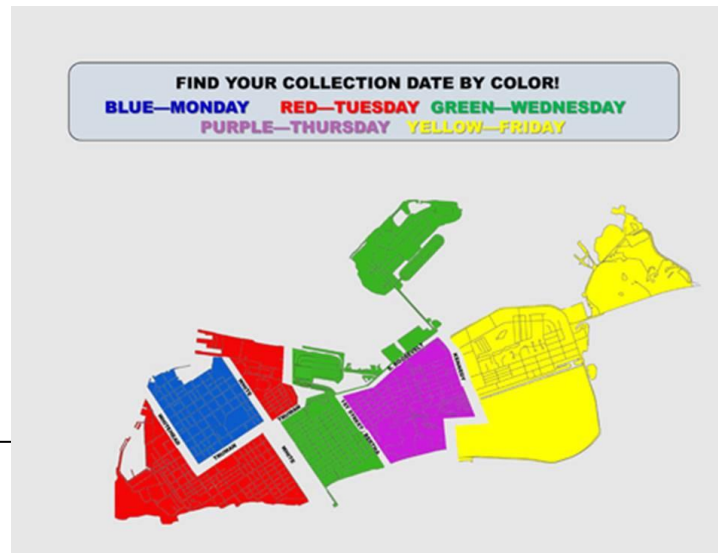
Rate Increases

2016	2017	2018	2019	2020
2.03%	2.00%	2.50%	2.50%	2.50%

Recommendations

Current Collection of 1-1-1: Scenario 1

- No Residential Rate Adjustment in FY2016
- No Tipping Fee Adjustment in FY 2016
- Continue to monitor and evaluate for inflation escalation each year.



Highlights with Recommended Scenario (No Rate Increases FY2016)

*Millions	2016	2017	2018	2019	2020
Total Expenses* (excluding R&R)	\$ 9.906	\$ 9.462	\$ 9.699	\$ 9.940	\$ 10.187
Total Revenue*	\$ 9.830	\$ 9.314	\$9.610	\$ 9.909	\$10.212
Tip Fee Per Ton	\$ 168.11	\$ 171.47	\$175.76	\$180.15	\$184.65
Annual Residential Rate	\$ 321.72	\$ 328.15	\$ 336.36	\$ 344.76	\$ 353.38
Projected Inflation	-	2.00%	2.50%	2.50%	2.50%

Summary of Recommendation

Current Collection of 1-1-1

- No Residential Rate Adjustment in FY2016
- No Tipping Fee Adjustment in FY 2016
- Continue to monitor financial performance

Proposed Annual
Residential Rate (1-1-1)

- FY2016 - \$321.72
- FY2017 - \$328.15
- FY2018 - \$336.36
- FY2019 - \$344.76
- FY2020 - \$353.38

Alternative Collection Schedule

- Potential for residential collection schedule to be returned to 2-1-1:
 - 2 days a week solid waste collection
 - 1 day a week recycling collection
 - 1 day a week yard waste collection
- Current collection contractor submitted revised cost rates for potential 2-1-1 residential collection schedule

Residential Collection	1-1-1 Collection (\$/Unit/month)	2-1-1 Collection (\$/Unit/month)	Difference (\$/Unit/month)
MSW	\$8.52	\$11.55	\$3.03
Recycling	\$2.46	\$2.46	\$0
Yard Waste	\$2.53	\$2.53	\$0
Total	\$13.51	\$16.54	\$3.03

Solid Waste Rate Scenarios FY2016 – 2020 for Potential 2-1-1 Collection

Scenario 3:

No Rate Increases FY2016.

Inflationary Increases FY2017-2020

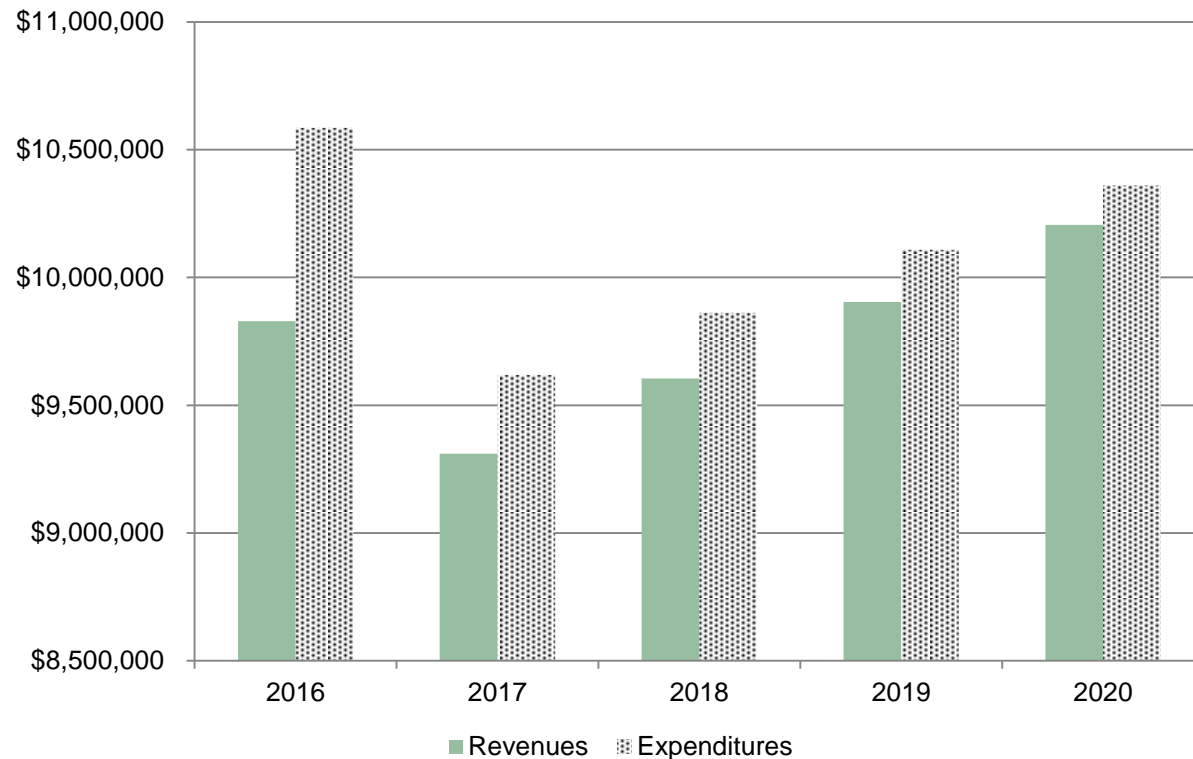
Scenario 4:

Residential Rate Increase to cover entire additional cost in FY2016.

Inflationary Increases FY2017-2020

Scenario 3 – No Rate Increases 2016 (Inflationary Rate Increases Thereafter)

Revenues and Expenses

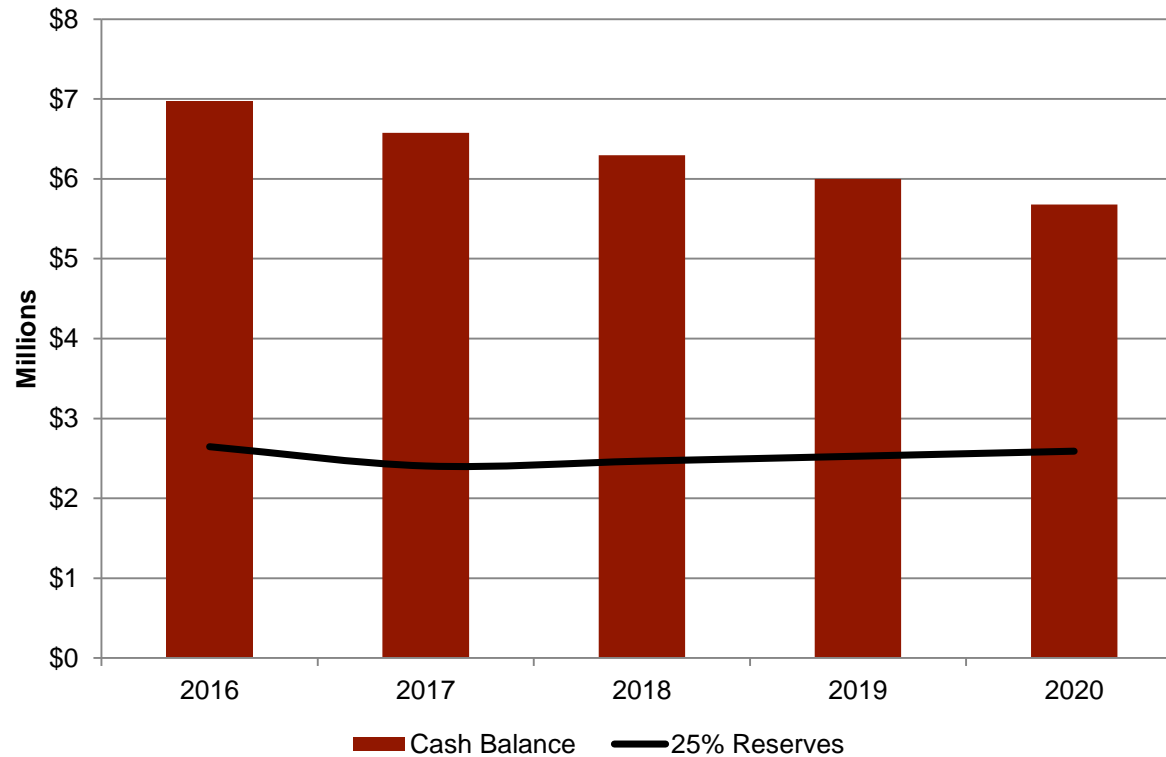


Rate Increases

2016	2017	2018	2019	2020
-	2.00%	2.50%	2.50%	2.50%

Scenario 3 – No Rate Increases 2016 (Inflationary Rate Increases Thereafter)

Cash Balance (Year End)

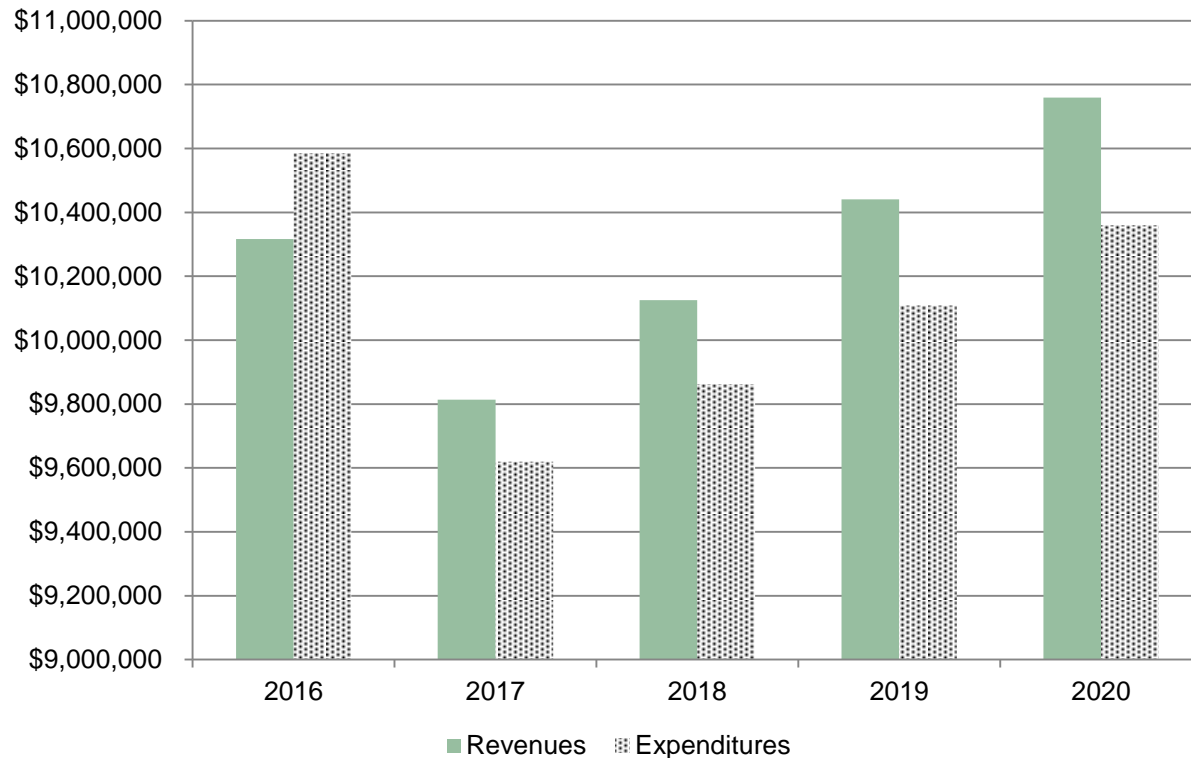


Rate Increases

2016	2017	2018	2019	2020
-	2.00%	2.50%	2.50%	2.50%

Scenario 4 – Rate Increases of Additional Cost 2016 (Inflationary Rate Increases Thereafter)

Revenues and Expenses

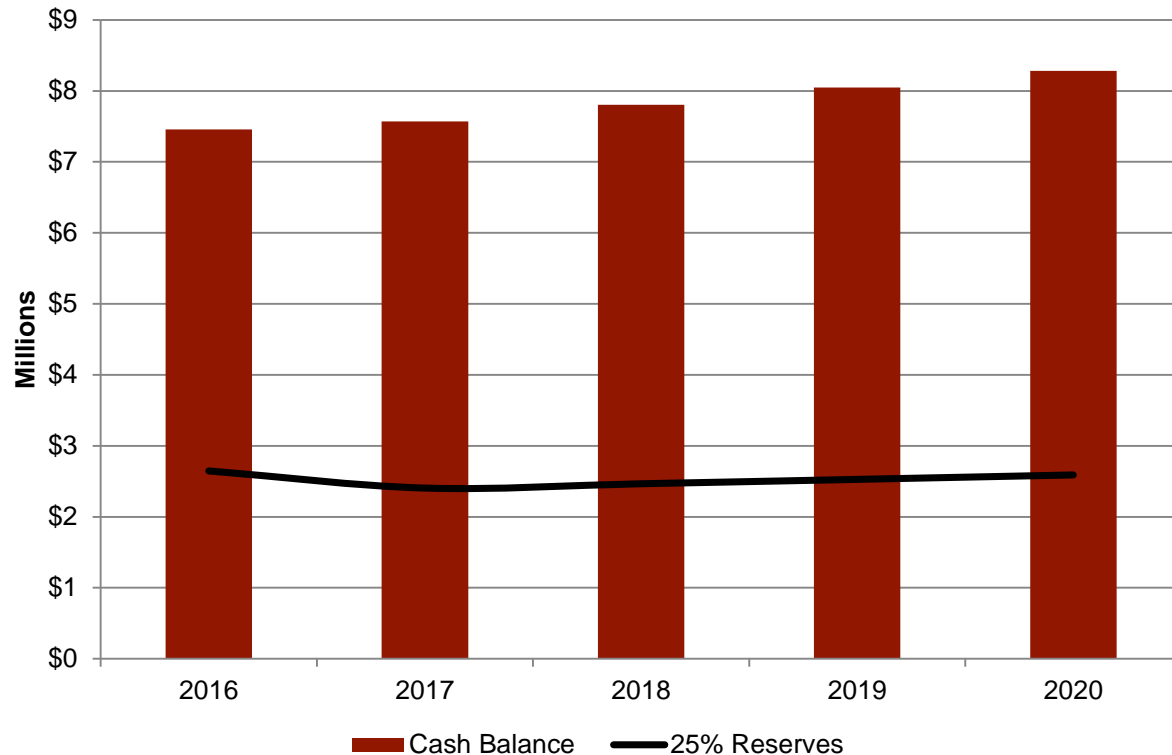


Rate Increases

2016	2017	2018	2019	2020
11.3%	2.00%	2.50%	2.50%	2.50%

Scenario 4 – Rate Increases of Additional Cost 2016 (Inflationary Rate Increases Thereafter)

Cash Balance (Year End)



Rate Increases

2016	2017	2018	2019	2020
11.3%	2.00%	2.50%	2.50%	2.50%

Highlights of Scenario with Rate Increased by Additional Cost

*Millions	2016	2017	2018	2019	2020
Total Expenses* (excluding R&R)	\$ 10.584	\$ 9.619	\$ 9.862	\$ 10.108	\$ 10.360
Total Revenue*	\$ 10.316	\$ 9.813	\$10.125	\$ 10.440	\$10.759
Tip Fee Per Ton	\$ 168.11	\$ 171.47	\$175.76	\$180.15	\$184.65
Annual Residential Rate	\$ 358.08	\$ 365.24	\$ 374.37	\$ 383.72	\$ 393.31
Projected Inflation	-	2.0%	2.0%	2.0%	2.0%

Summary of Proposed Collection of 2-1-1

Scenario 3

No Increase to Residential Rate from FY2015

- \$321.72 per year
- \$0 increase from FY2015
- \$26.81 per month

No Tipping Fee Adjustment

Scenario 4

Residential Rate increase by additional cost

- \$358.08 per year
- Annual increase of \$36.36 from FY2015
- \$29.84 per month
- Monthly increase of \$3.03 from FY2015

No Tipping Fee Adjustment

Questions?

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