



City of Key West Solid Waste Rate Study (2022)

July 22, 2021



Existing Solid Waste Rate FY 2021

Residential Annual
Rate = \$310.52
per dwelling unit

Tipping Fee =
\$160.13 per ton

- Residential Collection
 - › 1 day a week for solid waste collection.
 - › 1 day a week for recycling collection.
 - › 1 day a week for yard waste collection.
- Contract operations of transfer station.
- Material transported out of City for disposal and processing.

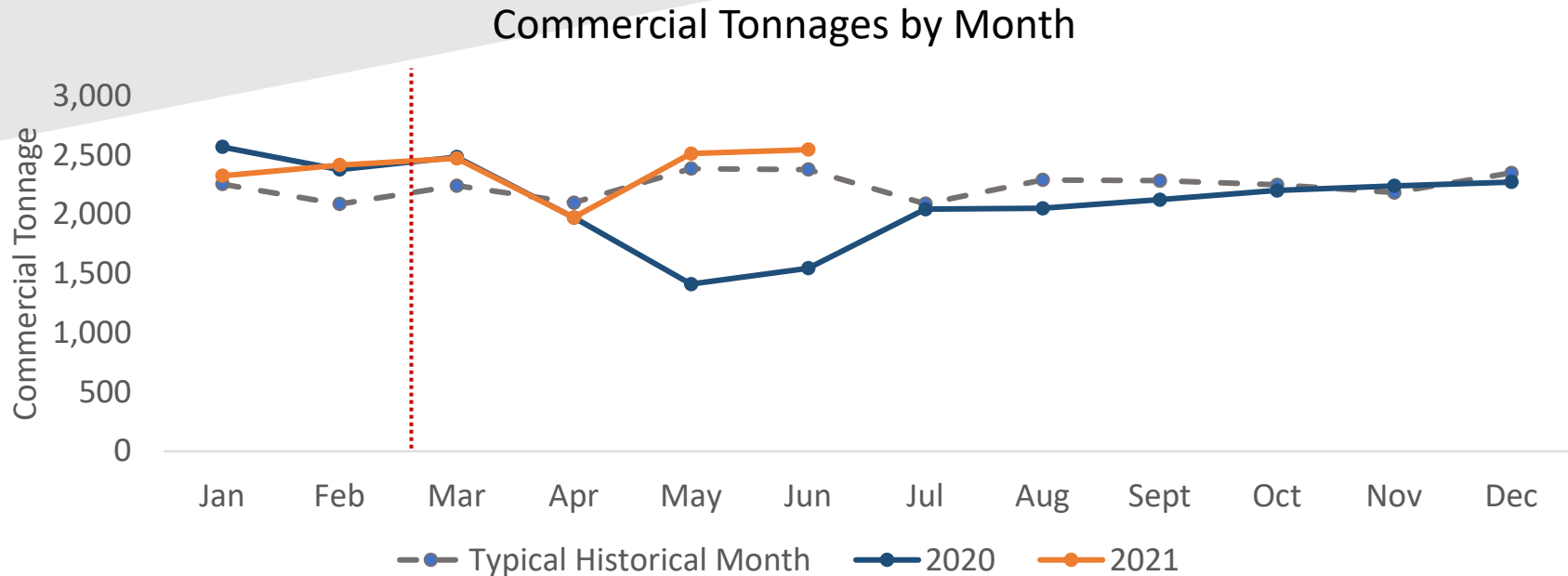


The Existing Rates Support Contracted Collection and Processing Services

- Approximately 67% of operating budget.
- Collection fee adjusted by CPI per contract.
- Disposal fee subject to quarterly CPI adjustments. Five-year extension executed in 2019.
- Current contract initial term expires at the end of 2021. Option of two additional four-year terms through 2029.

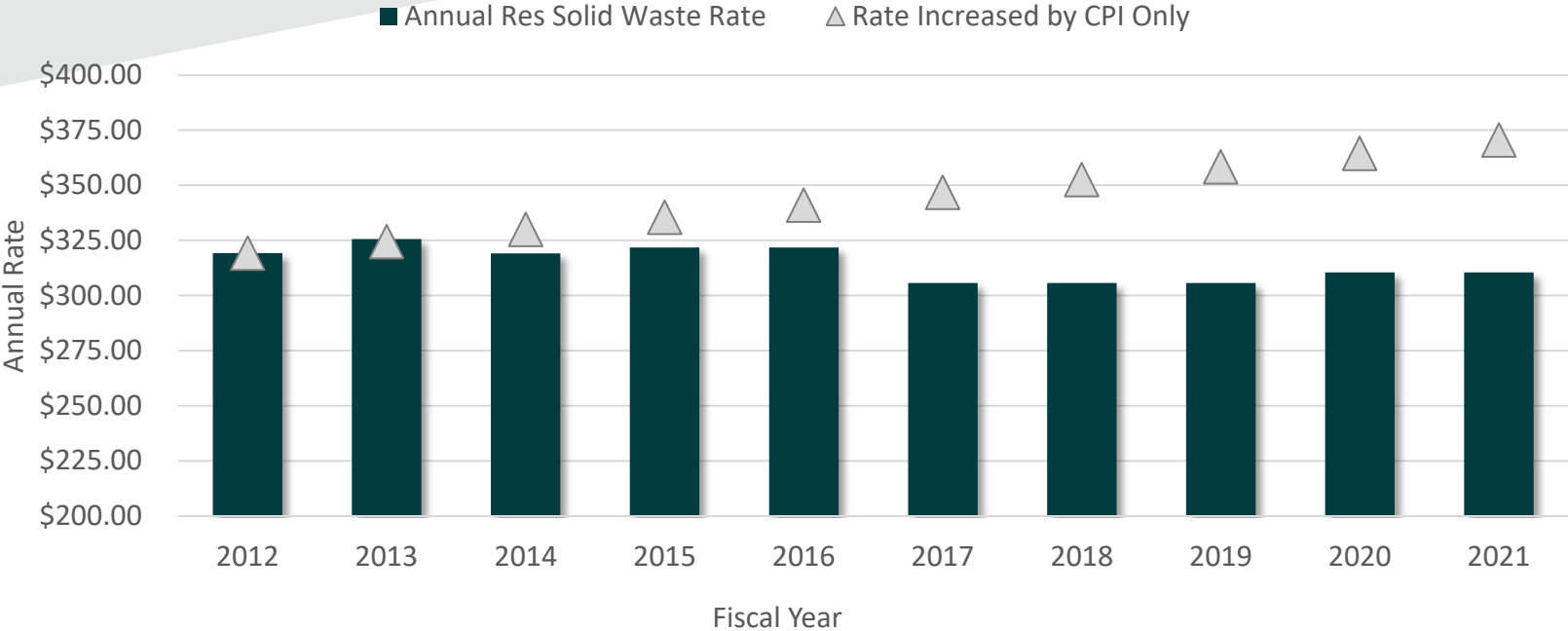


COVID-19 Impacts on Solid Waste Revenues



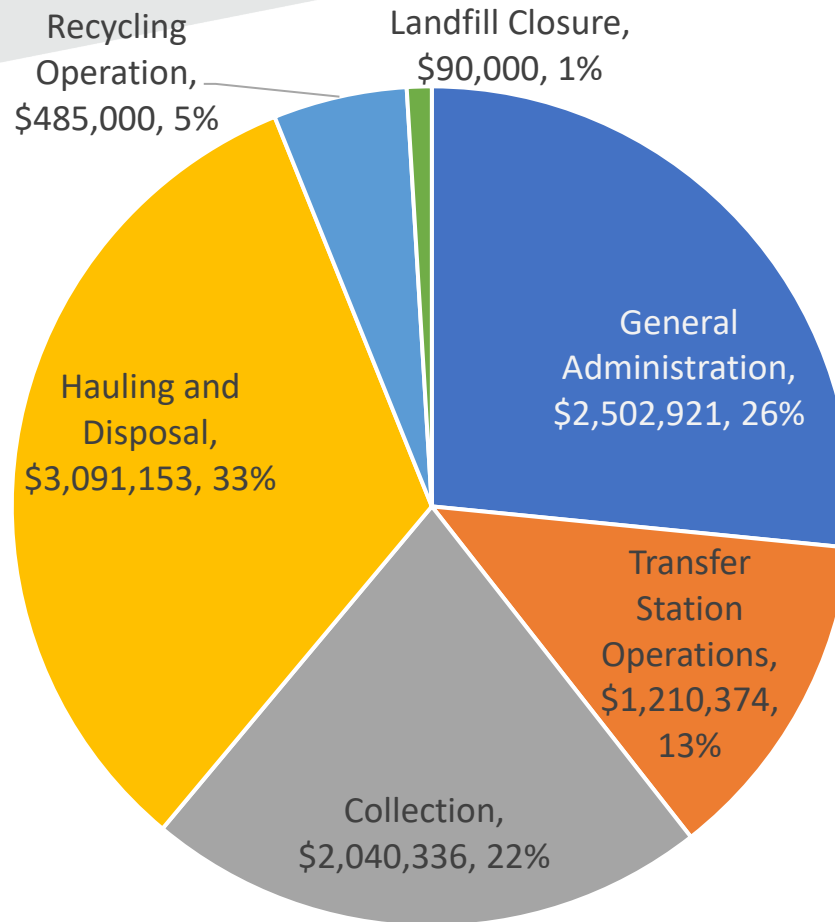
- Last year, commercial revenues were adjusted down 4.0% in FY 2021, as a result of COVID-19.
- However, commercial tonnages appear to have returned to normal levels in the later portion of 2020 and into 2021.
- Therefore, no adjustment was made to solid waste revenues in FY 2022 to reflect the continued impact of COVID-19.

The Residential Solid Waste Bill Has Increased at a Rate Below Inflation



Annual Rate	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Rate	\$319.20	\$325.56	\$319.05	\$321.72	\$321.72	\$305.63	\$305.63	\$305.63	\$310.52	\$310.52
\$ Change	\$0	\$6.36	-\$6.51	\$2.67	\$0	-\$16.09	\$0	\$0	\$4.89	\$0
% Change	0.0%	2.0%	-2.0%	0.8%	0.0%	-5.0%	0.0%	0.0%	1.6%	0.0%

FY 2022 Solid Waste Expenses



Revenue Requirement Drivers Planned Capital Expenditures

Project	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Recycling Bins	\$0	\$0	\$0	\$0	\$500,000	\$0
Tipping Floor Replacement	0	0	0	0	\$325,000	0
Oil and Gas Waste Station	573,750	0	0	0	0	0
Scale Plate Replacement	0	0	\$125,000	0	0	0
Replacement Generator at Transfer Station	0	0	0	0	\$250,000	0
Wind Retrofits Transfer Station	<u>0</u>	<u>101,045</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$573,750	\$101,045	\$125,000	\$0	\$1,075,000	\$0

Key Internal Policies

Cash Balances

- Minimum Operating Target = 25% of Current year operating expenses.
- Transfer Station Renewal and Replacement = 25% of replacement cost at end of useful life.

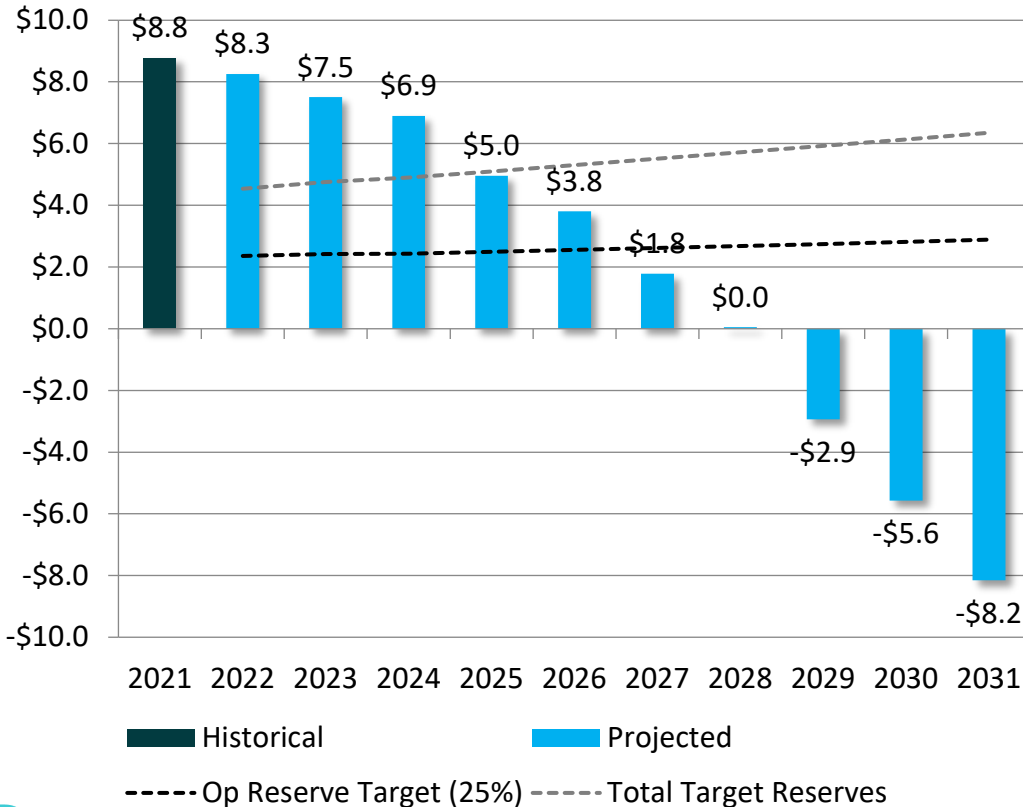
Balanced Budgets

- Revenues sufficient to Cover Expenses (Operating Revenues \geq Operating Expenses).

Financial Impact

No Changes to Solid Waste Rates

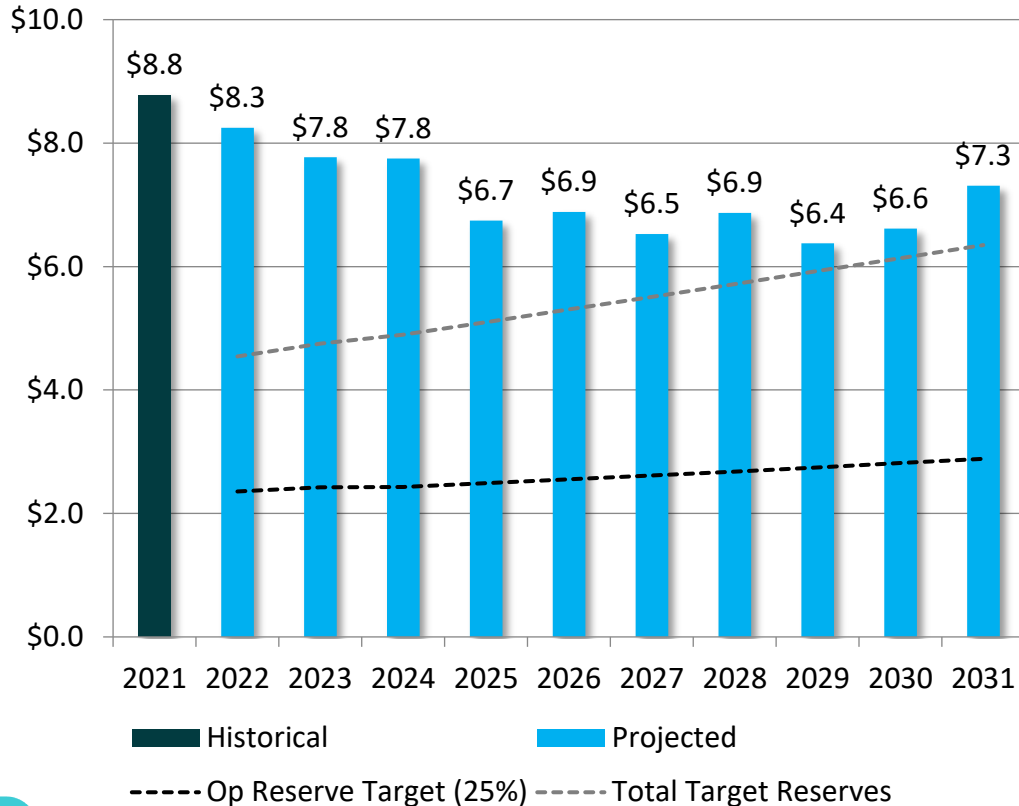
Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Annual RES Charge	Tipping Fee (Per Ton)
2021	0.0%	\$310.52	\$160.13
2022	0.0%	\$310.52	\$160.13
2023	0.0%	\$310.52	\$160.13
2024	0.0%	\$310.52	\$160.13
2025	0.0%	\$310.52	\$160.13
2026	0.0%	\$310.52	\$160.13
2027	0.0%	\$310.52	\$160.13
2028	0.0%	\$310.52	\$160.13
2029	0.0%	\$310.52	\$160.13
2030	0.0%	\$310.52	\$160.13
2031	0.0%	\$310.52	\$160.13

Recommended Changes to Solid Waste Rates

Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Annual RES Charge	Tipping Fee (Per Ton)
2021	0.0%	\$310.52	\$160.13
2022	0.0%	\$310.52	\$160.13
2023	3.0%	\$319.84	\$164.93
2024	3.5%	\$331.03	\$170.71
2025	3.5%	\$342.62	\$176.68
2026	3.5%	\$354.61	\$182.87
2027	3.5%	\$367.02	\$189.27
2028	3.5%	\$379.86	\$195.89
2029	3.5%	\$393.16	\$202.75
2030	3.5%	\$406.92	\$209.84
2031	3.5%	\$421.16	\$217.19

Waste Management Cost Scenarios

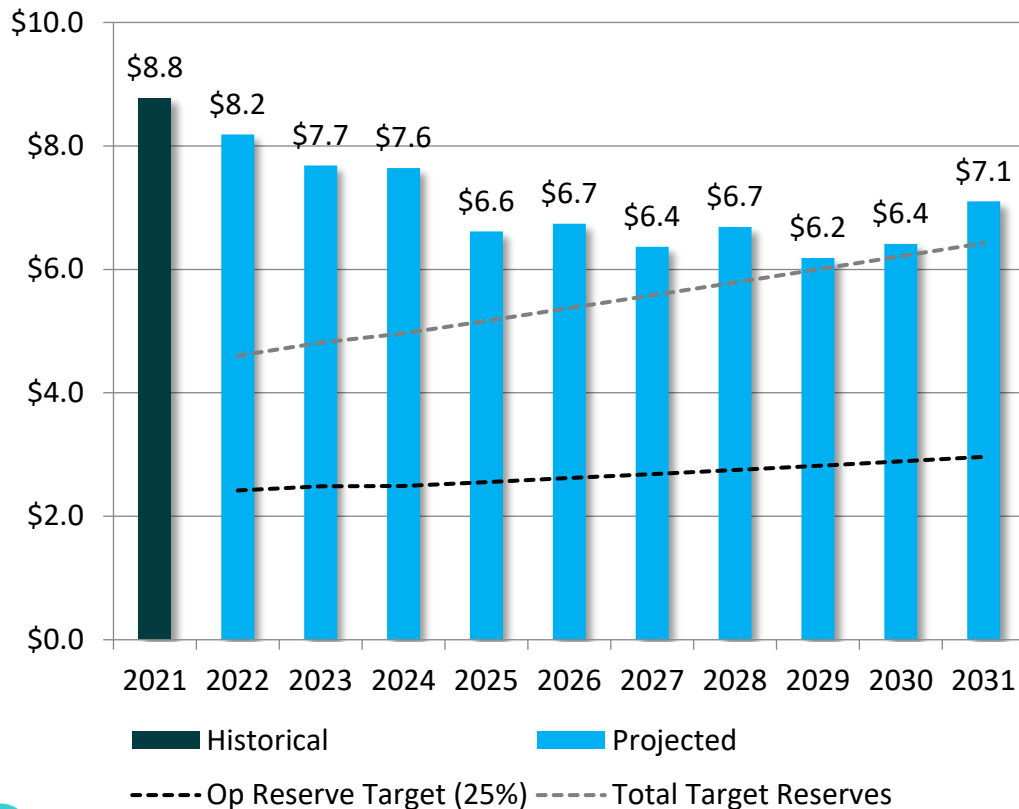
- Two scenarios were added: Both include contract amendments from Waste Management of (1) a \$1.70 per month increase in residential collection costs and then (2) annual increases equal to the WST index (but to a maximum of 2.5% per year).

Scenario 1 implements a 2.0% adjustment to the City's Annual Residential Rate and a 2.0% adjustment to the Tipping Fee per Ton in FY 2022.

Scenario 2 implements a 4.0% adjustment to the City's Annual Residential Rate and leaves the Tipping Fee per Ton unchanged in FY 2022.

Waste Management Cost Scenario 1

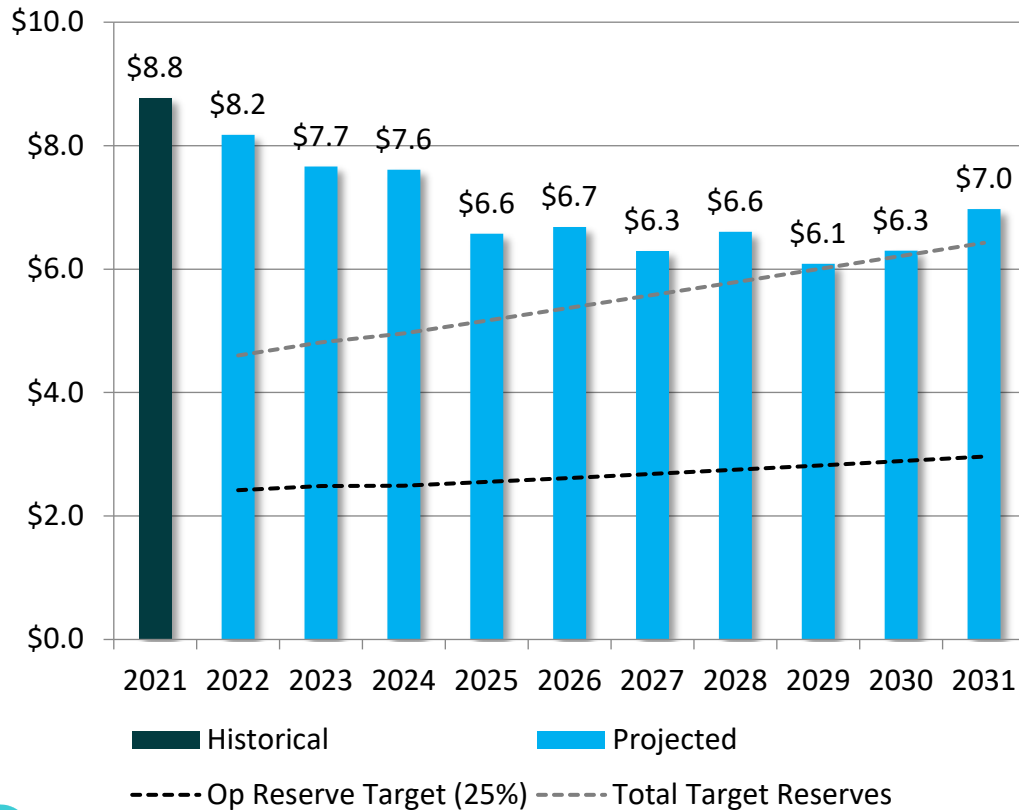
Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Annual RES Charge	Tipping Fee (Per Ton)
2021	0.0%	\$310.52	\$160.13
2022	2.0%	\$316.73	\$163.33
2023	3.5%	\$327.82	\$169.05
2024	3.5%	\$339.29	\$174.97
2025	3.5%	\$351.16	\$181.09
2026	3.5%	\$363.46	\$187.43
2027	3.5%	\$376.18	\$193.99
2028	3.5%	\$389.34	\$200.78
2029	3.5%	\$402.97	\$207.80
2030	3.5%	\$417.07	\$215.08
2031	3.5%	\$431.67	\$222.61

Waste Management Cost Scenario 2

Projected Operating Cash vs. Reserve Target
(\$ shown in Millions)



Year	Rate Increase	Annual RES Charge	Tipping Fee (Per Ton)
2021	0.0%	\$310.52	\$160.13
2022	4.0% / 0.0%	\$322.94	\$160.13
2023	3.5%	\$334.24	\$165.73
2024	3.5%	\$345.94	\$171.54
2025	3.5%	\$358.05	\$177.54
2026	3.5%	\$370.58	\$183.75
2027	3.5%	\$383.55	\$190.18
2028	3.5%	\$396.98	\$196.84
2029	3.5%	\$410.87	\$203.73
2030	3.5%	\$425.25	\$210.86
2031	3.5%	\$440.14	\$218.24

Recommended Rate Adjustment

Residential Rate	\$/Unit per Year	\$/Unit per Month
Existing Residential Rate	\$310.52	\$25.88
Proposed Residential Rate	\$310.52	\$25.88
\$ Adjustment	\$0.00	\$0.00
% Adjustment	0.0%	0.0%

Tipping Fee	\$/Ton
Existing Tipping Fee	\$160.13
Proposed Tipping Fee	\$160.13
\$ Adjustment	\$0.00
% Adjustment	0.0%



Rate Comparison

Annual Residential Rate



Fee Comparison

Disposal Tipping Fee per Ton



Q&A

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