

Board of County Commissioners
Leon County, Florida

**Workshop on Evaluation of the Non-Ad Valorem Waste Disposal
Special Assessment, the Implementation of Universal Solid Waste
Collection and Consideration of Reviewing the Stormwater Non-Ad
Valorem Assessment**

February 13, 2007

1:30pm-3:00pm

**Leon County Board of County Commissioner Chambers
Leon County Courthouse, 5th Floor**

This document distributed: February 7, 2007

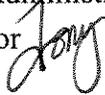
Board of County Commissioners

Agenda Request

Date of Meeting: February 13, 2007

Date Submitted: February 7, 2007

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator 
Alan Rosenzweig, Assistant County Administrator 
Tony Park, P.E., Public Works Director 

Subject: Evaluation of the Non-Ad Valorem Waste Disposal Special Assessment, the Implementation of Universal Solid Waste Collection and Consideration of Reviewing the Stormwater Non-Ad Valorem Assessment

Statement of Issue:

This workshop item discusses the following issues: 1. Evaluation of the non-ad valorem waste disposal special assessment 2. Implementation of universal solid waste collection and 3. Consideration of reviewing the stormwater non-ad valorem assessment.

Background:

On March 22, 2005, the Board held a workshop to discuss a five-year business plan for the Solid Waste Management Division. The concept of universal solid waste collection in the Urban Services Area and the Urban Fringe was introduced at this time. The business plan was adopted as presented by staff and the actions taken by the Board were ratified at the regularly scheduled meeting on April 12, 2005.

On April 25, 2006, the Board held a workshop to discuss the expiration of the exclusive franchise agreement with Waste Management Inc. (WMI) for solid waste and recycling collection in the unincorporated area, the establishment of the solid waste disposal fees for the next five years in accordance with a five-year pro forma, and the development of long-term plans for a universal curbside collection program in the urban areas of unincorporated Leon County. At this workshop, with ratification at the May 9, 2006 regularly scheduled meeting, the Board increased the tipping fees, directed staff to negotiate an extension of the franchise agreement with WMI, and scheduled a workshop to evaluate the non-ad valorem waste disposal special assessment and the implementation of universal solid waste collection with the Urban Services Area and the Urban Fringe.

On January 9, 2007, the Board approved scheduling the workshop for February 13, 2007 from 1:30 – 3:00 p.m.

Analysis:

Non-Ad Valorem Waste Disposal Special Assessment:

The County's intention for solid waste services has always been to operate as an enterprise fund which acts like a business by collecting enough revenue for service provision to fully fund the entire operation. The main revenue sources for solid waste are the tipping fees and the non-ad valorem waste disposal special assessment. On May 9, 2006, the Board took necessary steps to continue on the business path by increasing the tipping fees and directing staff to schedule a workshop to discuss the non-ad valorem waste disposal special assessment. Increasing the assessment is the next necessary step for Solid Waste to be a complete enterprise fund and operate as a business.

Unincorporated area residents currently have the option of subscribing (\$199.44/annually effect April 1, 2007) with WMI for curbside collection or to take their waste to a rural waste collection center. The non-ad valorem assessment is intended to fund the cost of disposal (i.e. tipping fees) for all of the residential solid waste collected by WMI, as well as, the cost to operate the rural waste collection centers. The current assessment of \$40 was set in 1995 and is no longer generating enough revenue to cover the disposal costs and fund the rural waste collection centers. In order to ensure no interruption of rural waste services for the citizens, the County has temporarily subsidized the operations with general revenue (over \$1.0 million in FY07) until the assessment could be increased.

The increase in the non-ad valorem assessment is now appropriate and necessary with the average projected annual increase in the subsidy being 11% from FY08 to FY11. This general revenue is crucial to the funding of numerous transportation, stormwater, animal control and parks & recreation services.

Specifically, the Board needs to take into consideration that property tax reform became a focal campaign issue during the 2006 gubernatorial campaign, and the Governor, Charlie Crist, has made property tax reform one of the cornerstones of his tax cut proposals for the FY08 state legislative session. In addition, the legislature will be proposing their own reform packages as well as revenue and/or expenditure cap proposals. The Board of County Commissioners has clearly stated that they are in support of property tax relief, however, it needs to be targeted to those most in need and it should not come at the cost of providing services to their citizens.

Any change in the property tax structure, while providing relief to individual homeowners and businesses, will have a corresponding decrease in revenues to local governments, and limit funds available for providing current operating service levels, and future capital projects. Contained within the Governor's proposal are a series of specific recommendations. These recommendations include doubling the homestead exemption, capping non-homesteaded property at a 3% growth rate, portability of homesteaded property's save our homes values and a \$25,000 exemption on tangible

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personal property. If this proposal had been in place last year, not taking into consideration any of the impacts of portability, the reduced revenue to the County would have been **\$17.4 million** or a reduction of over 15% of all ad valorem revenue. Without new construction, the impact would have been a reduction of over **\$20 million**. This amount will be significantly larger if unlimited statewide portability is implemented.

The total assessment for waste disposal and rural waste services should be \$78, an increase of \$38. The assessment is comprised of two parts, \$53 for the tipping fee and \$25 for the rural waste collection centers. The assessment is being calculated to contemplate future tipping fee increases and projected increased costs of operating the rural waste collection centers. The calculation is based on the following:

Disposal Costs

- 1.3 tons average annual solid waste per household
- Average per ton tipping fee for next four years is \$38/ton
- As non-ad valorem assessments are collected on the tax bill, individuals can receive a 4% discount for payment in November, 3% in December, 2% in January and 1% in February; Florida Statutes dictates that the budget be developed on 95% of projected collections
- The Tax Collector charges 2% for collection of the assessment revenue
- Based on the above, the disposal component of the assessment should be \$53; this would contemplate tipping fee increases for the next four years

Rural Waste Collection Center Costs

- The projected average cost to operate the RWCC is \$792,000 per yr over the next four years
- As noted above, the non-ad valorem assessment is collected on the tax bill and is subject to early payment; the Florida Statutes dictates the budget be developed on 95% of projected collections
- The Tax Collector charges 2% for collection of the assessment revenue
- Based on the above, the RWCC component of the assessment should be \$25

The total non-ad valorem assessment will be \$78. This contemplates “rate stabilization” for future increases in the tipping fee and the cost to operate the RWCCs.

The County currently utilizes the uniform method of collection for its non-ad valorem assessments. The County does not have any other services that require a direct billing to all unincorporated area residents thereby necessitating the uniform method of collection. This means the non-ad valorem assessment is collected annually on the tax bill. In order to increase the assessment, the Board must take the following actions:

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- Prior to the adoption of the new rate, the Board must notify all unincorporated residents by first class letter of the Board’s intent to increase the rate and include the date/time of the public hearing
- Conduct a public hearing to set the rate and certify the rate and the roll to the Tax Collector no later than September 15th

Universal Solid Waste Collection:

As noted above, unincorporated residents of Leon County currently have the option of having curbside solid waste collection through a subscription service with WMI or they have the option of using one of the Rural Waste Collection Centers. Under universal collection a portion or all of the unincorporated area would be required to have curbside collection. Staff reviewed data provided by WMI to determine where the existing subscription customers reside. Table 2 provides the detailed analysis.

Table 2: Single Family Units in Unincorporated Leon County

	WMI Customers*	Non-customers	Total
Urban Services Area (USA)	18,472	3,673	22,145
All Other Unincorporated Area	5,618	5,853	11,471
Total Unincorporated SFUs	24,090	9,526	33,616

* Customer data provided by WMI; allocation to the USA and other performed by County GIS.

Staff reviewed establishing a universal collection area in only the Urban Services Area (USA), as well as, the USA and the Urban Fringe. There are issues related to making only a portion of the unincorporated area a universal collection area. If for example the Board established the USA as universal there is a logic in not charging households in the USA to support the RWCCs. In theory, the universal collection households would no longer need to utilize the RWCCs. The residents outside of the USA would be charged more to support the operation of the RWCCs. Based on the analysis in Table 2, there are a number of households outside the USA that currently receive subscription service and would see an increase in there assessment from the County to support the RWCCs.

The other option reviewed was to make the entire unincorporated area of the County a universal collection area. In addition to not creating a two tiered system with differing rates, this approach has a number of advantages to the current system:

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- There will be a decrease in illegal dumping. Public Works recorded over 133 complaints of illegal dumping activity on County right-of-way over the past 2 years. Growth Management recorded 73 complaints for 2006 for illegal dumping on private property (i.e. roads or adjacent to publicly owned right-of-way) which resulted in some form of code enforcement action.
- There will be a reduction in greenhouse gas emissions. WMI collection vehicles currently travel almost every road in the County and pass by numerous residents who drive separately to the RWCC.
- There will be a reduction in missed collection complaints.
- The overall cost of operating the Solid Waste Management system could be reduced through the closure of the RWCCs.
- The County will need to discuss with WMI performing all of the billing functions and eliminate the need to collect the funds through the tax bill.

There are disadvantages to this approach:

- Current non-subscribers in the mandatory area would be forced to pay for collection.
- Citizens will complain that their right to choose a method for disposal has been taken away.

At this point in time, staff has not approached WMI regarding providing universal collection for the entire unincorporated area including having WMI perform the billing function. Staff is recommending that the Board should direct staff to negotiate with WMI a rate for providing universal collection in the entire unincorporated area, inclusive of billing. As part of this approach staff is also recommending that the RWCCs be closed. If the Board does not wish to proceed with universal collection in the entire unincorporated area staff does not recommend proceeding with a partial implementation.

Stormwater Fee:

As noted above, in order to increase the non-ad valorem assessment, the Board will be required to provide notice to all unincorporated area homeowners through a first class notice. The Board also levies the stormwater utility fee through the non-ad valorem assessment process. Similar to the Solid Waste fee, the stormwater utility fee has also not been increased in a number of years and does not provide adequate revenues to support the County's stormwater program.

The annual \$20 per single-family unit (SFU) was established by the Board in September 1991. Residential properties are assessed for the number of residential structures per parcel. Non-residential properties (offices, stores, churches, etc.) are assessed a multiplied rate, based on the impervious area on site including sidewalks and parking areas. The 2006/07 assessment is projected to generate \$737,014. FY 2006/07 stormwater system management costs are budgeted at \$5,837,495 (\$2,538,537 in operating costs and \$3,338,760 in capital).

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The Watershed Protection Initiative established the inter-jurisdictional Watershed Management Policy Board to identify and recommend resolution of inconsistencies between City of Tallahassee and Leon County stormwater management practices. The stormwater utility fees are one item for evaluation by the Policy Board. The FY 2007 City of Tallahassee Stormwater Utility Fee (applied to monthly utility bills) is projected to generate \$13,728,106 based on an equivalent residential unit (ERU) rate of \$6.93 per month (\$83.16 annually). City Commission financing policy allows annual adjustments equivalent to the consumer price index.

County staff could present an analysis of costs and alternative fee structures within 30 days if the Board chooses to evaluate modifying the County stormwater utility fee.

Options:

1. Direct staff to develop a proposed rate resolution for the solid waste, non-ad valorem assessment, sufficient to fully cover the cost of disposal and the operating cost of the Rural Waste Collection Centers through FY11 in the amount of \$78 per year.
2. Direct staff to provide the Board an agenda item discussing increasing the existing stormwater non-ad valorem assessment.
3. Direct staff to discuss with Waste Management Incorporated (WMI) providing universal collection for the entire unincorporated area of Leon County including the provision of direct billing while correspondingly closing the Rural Waste Collection Centers and provide the Board an agenda item conveying the results of these discussions.
4. Direct staff to not proceed at this time with any implementation of universal collection in the unincorporated area of Leon County.
5. Board Direction

Recommendation:

Options #1, #2, and #3