

Board of County Commissioners
Budget Discussion Item

Date of Meeting: June 27, 2007
Date Submitted: June 20, 2007
To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator *PA*
Alan Rosenzweig, Assistant County Administrator *AR*
Tony Park, P.E., Public Works Director *TP*
Subject: Elimination of the General Revenue Subsidy of the Solid Waste Enterprise Fund Through Service Level Reductions.

Statement of Issue:

Eliminate the General Revenue subsidy of the Solid Waste Enterprise Fund through service level reductions.

Background:

The Solid Waste Enterprise Fund was established to fund the County's Integrated Solid Waste Management Plan. The plan provides subscription waste collection via an exclusive franchise agreement with Waste Management, Inc. The Enterprise Fund is meant to cover disposal costs for unincorporated residences and to fund activities of the Solid Waste Management Division. The Division operates a solid waste transfer station, five Rural Waste Service Centers (RWSC), the Recycling Services and Education program, and the Household Hazardous Waste Collection Center. In addition it operates the Apalachee Solid Waste Management Facility (SWMF), comprised of a Class III landfill, waste tire disposal, and recycling of yardwaste appliances and electronics. The SWMF also conducts environmental compliance for all of the County's active and closed landfills.

Revenue to the fund is derived from two primary sources. Tipping fees cover the cost of the transfer station, the SWMF, Recycling and Household Hazardous Waste. A non-ad valorem solid waste assessment was established in 1995 to cover the cost of unincorporated residential waste disposal and operation of the RWSCs .

Projected FY08 operating costs and capital improvement projects for the Solid Waste Division exceed projected revenues by approximately \$1.18 million. In past years such shortfalls have been met with a subsidy from unincorporated general revenue funds.

The Board has taken positive steps to place the Solid Waste Enterprise Fund on sound financial footing. On May 9, 2006, the Board adopted a tipping fee schedule for FY07 – FY11 that is expected to keep pace with projected operating expenses over that time period.

The shortfall in the non-ad valorem assessment for solid waste disposal remains to be addressed. Set at \$40.00 per household in 1995, the assessment is no longer sufficient to cover disposal costs, much less the cost of RWSC operations, as it was originally intended to do.

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Analysis

Staff has explored a number of scenarios for eliminating the subsidy to the Solid Waste Enterprise fund, ranging from closing the Rural Waste Service Centers, to canceling CIP projects and reducing levels of service at the Apalachee Solid Waste Management Facility.

Rural Waste Service Centers (Total estimated savings - \$513,670)

Three of the RWSCs are full service facilities, accepting household garbage, furniture, appliances, yardtrash, tires, household hazardous waste (HHW) and electronics. Waste from the RWSCs comprises less than 3% of the County's total waste stream. Operating cost for the centers is projected to be \$1.18 million in FY08. Rather than close the centers, which will lead to significant illegal dumping, staff is proposing a reduction in the level of service:

- Operate the centers Saturday and Sunday only, 10 hours per day.
- Accept household garbage only.
- Close the center at Blount (It is located 7.2 miles from the Ft. Braden center).
- Furniture, appliances, tires, electronics, HHW and yardwaste would have to be delivered to the Apalachee SWMF.

Apalachee Solid Waste Management Facility (Total estimated savings - \$271,353)

Operating hours at the facility are Mon – Fri, 7:00 a.m. to 5:00 p.m. and Sat 8:00 a.m. – 5:00 p.m., for a total of 66 hours per week. Only 4% of the facility customers access the site during the first and last hour of the day. Saturdays have the most customers of any one day and produce the least amount of waste. Closing on Saturday was considered and would result in an estimated savings of \$495,000. In light of reduced levels of service at the RWSCs, staff is proposing a reduction in the number of operating hours during the week, rather than close on Saturdays. A weekday closing was not considered due to the high level of commercial customers.

- Reduce operating hours to 8:00 a.m. to 4:30 p.m., Mon – Sat, for a total of 51 hours per week, a reduction of 15 hours per week.

Capital Improvement Projects (Savings - \$403,000)

The Landfill Improvements Project for FY08 can be moved forward a year. This project will be revisited during the development of the FY08/09 budget process. The purchase of sod and cover soil and haul road resurfacing could be delayed or perhaps partially funded through savings in FY07 projects.

The relocation of the Apalachee Rural Waste Service Center could be combined with the construction of a one-stop drop off center for SWMF customers. The notion to have two separate facilities was to keep RWSC customer traffic separate from SWMF traffic, a safety and convenience feature.

Grand total estimated savings - \$1,188,023

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Conclusion

A combination of the proposed service level reductions and changes in the capital improvement program can eliminate the general fund subsidy for FY08, while still providing a basic level of service to Rural Waste Service Center Customers, with little impact to a majority of SWMF customers. **Note that \$403,000 of estimated savings is from a one-time allocation of capital funds and will not be available on a recurring basis.** Staff recommends that additional user fees be evaluated (ie residential waste tires, electronics, etc.) for avoiding subsidies to the Solid Waste Enterprise Fund in the future.

Options:

1. The following adjustments are contemplated in the tentative budget:
 - a. Operate the centers Saturday and Sunday only, 10 hours per day.
 - b. Accept household garbage only.
 - c. Close the center at Blount (It is located 7.2 miles from the Ft. Braden center).
 - d. Furniture, appliances, tires, electronics, HHW and yardwaste would have to be delivered to the Apalachee SWMF.
 - e. Change the operating hours of the Apalachee Solid Waste Management Facility to 8:00 a.m. to 4:30 p.m., Monday – Saturday.
 - f. Reduce planned allocations to the FY08 Solid Waste Capital Improvement Program in the amount of \$403,000.
2. Staff will evaluate alternative fees for generating additional revenue for the Solid Waste.
3. Board Direction.

Recommendation:

Option #1 & #2

Attachments:

None