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# City Council Workshop City of Huntsville, Texas

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ECONOMICS

STRATEGY

STAKEHOLDERS

SUSTAINABILITY

[www.newgenstrategies.net](http://www.newgenstrategies.net)

# Purpose of Meeting

- Present the results of NewGen's municipal solid waste cost of service analysis for the City.

# City Scope

- Conduct a comprehensive cost of service study that allocates costs to each specific solid waste service
- Develop a five year revenue requirement forecast
- Calculate the revenues realized under current rates versus the projected five year revenue requirement
- Design rates for residential and commercial customers by type of service provided
- Develop a user based excel spreadsheet model to train staff
- Develop a draft and final report
- Present findings via PowerPoint to the City council

# Cost of Service

## Services provided

- Residential Refuse Collection
  - Solid Waste Collection
  - Yard Waste Collection
  - Heavy Trash Collection
- Commercial Refuse Collection
  - Front Load Garbage Collection
  - Roll-Off Garbage Collection
  - Non Profit/Governmental Facilities/Special Events
- Recycling
  - Curbside Recycling
  - Recycling Drop-off Center
- Transfer Station
  - Transfer Station
  - Brush
- Disposal

Table 2  
Revenue Requirement

	Year 1 FY 2015	Year 2 FY 2016	Year 3 FY 2017	Year 4 FY 2018	Year 5 FY 2019
Revenue Requirement	\$ 4,713,308	\$ 4,784,056	\$ 4,856,106	\$ 4,956,292	\$ 5,031,352

# Residential Cost of Service

Table 11  
Residential Cost of Service

	Year 1 FY 2015	Year 2 FY 2016	Year 3 FY 2017	Year 4 FY 2018	Year 5 FY 2019
<b>Annual Revenue Requirement<sup>1</sup></b>					
Direct Allocation	\$ 1,098,246	\$ 1,111,323	\$ 1,124,628	\$ 1,146,004	\$ 1,159,876
Overhead/Indirect	446,970	455,294	463,769	475,404	484,230
<b>Total Collection Costs</b>	<b>\$ 1,545,217</b>	<b>\$ 1,566,617</b>	<b>\$ 1,588,397</b>	<b>\$ 1,621,408</b>	<b>\$ 1,644,107</b>
Disposal	114,731	117,023	119,361	121,767	124,200
Transfer Station	236,146	239,536	242,988	248,056	251,653
<b>Total</b>	<b>\$ 1,896,093</b>	<b>\$ 1,923,176</b>	<b>\$ 1,950,746</b>	<b>\$ 1,991,230</b>	<b>\$ 2,019,959</b>
<b>Billing Units</b>					
Refuse Carts	7,391	7,391	7,391	7,391	7,391
Additional Refuse Carts	62	62	62	62	62
Recycling Carts	6,057	6,057	6,057	6,057	6,057
<b>Monthly COS</b>					
96 or 48 Gallon Carts	\$ 21.31	\$ 21.61	\$ 21.92	\$ 22.38	\$ 22.70
Extra Carts	8.41	8.52	8.64	8.80	8.92

1. Any minor arithmetic deviation is due to rounding.

# Commercial Front Load Cost of Service

Table 12  
Commercial Front Load Cost of Service

	Year 1 FY 2015	Year 2 FY 2016	Year 3 FY 2017	Year 4 FY 2018	Year 5 FY 2019
<b>Annual Revenue Requirement<sup>1</sup></b>					
Direct Allocation	\$ 533,182	\$ 539,180	\$ 545,286	\$ 554,255	\$ 560,618
Overhead/Indirect	218,194	222,115	226,107	231,206	235,356
<b>Total Collection Costs</b>	<b>\$ 751,377</b>	<b>\$ 761,295</b>	<b>\$ 771,392</b>	<b>\$ 785,461</b>	<b>\$ 795,974</b>
Disposal	385,465	393,167	401,022	409,104	417,277
Transfer Station	793,386	804,776	816,373	833,399	845,486
<b>Total</b>	<b>\$ 1,930,228</b>	<b>\$ 1,959,237</b>	<b>\$ 1,988,787</b>	<b>\$ 2,027,965</b>	<b>\$ 2,058,736</b>
<b>Billing Units</b>					
Number of Dumpsters	725	725	725	725	725
Number of Collections	70,824	70,824	70,824	70,824	70,824
Collection Capacity (Cubic Yards)	459,420	459,420	459,420	459,420	459,420
<b>Monthly COS</b>					
Fee per Container	\$ 25.08	\$ 25.53	\$ 25.99	\$ 26.58	\$ 27.05
Fee per Collection	\$ 7.53	\$ 7.61	\$ 7.70	\$ 7.83	\$ 7.92
Fee per Cubic Yard of Capacity	\$ 2.57	\$ 2.61	\$ 2.65	\$ 2.70	\$ 2.75

1. Any minor arithmetic deviation is due to rounding.

# Commercial Roll-Off Cost of Service

**Table 13**  
**Commercial Roll-Off Cost of Service**

	<b>Year 1</b> <b>FY 2015</b>	<b>Year 2</b> <b>FY 2016</b>	<b>Year 3</b> <b>FY 2017</b>	<b>Year 4</b> <b>FY 2018</b>	<b>Year 5</b> <b>FY 2019</b>
<b>Annual Revenue Requirement<sup>1</sup></b>					
Direct Allocation	\$ 125,690	\$ 127,686	\$ 129,715	\$ 133,301	\$ 135,418
Overhead/Indirect	51,436	52,600	53,787	55,606	56,850
<b>Total Collection Costs</b>	<b>\$ 177,127</b>	<b>\$ 180,286</b>	<b>\$ 183,503</b>	<b>\$ 188,907</b>	<b>\$ 192,268</b>
<b>Billing Units</b>					
Annual Collections	1,663	1,663	1,663	1,663	1,663
<b>Monthly COS</b>					
Cost per Pull	\$ 106.51	\$ 108.41	\$ 110.34	\$ 113.59	\$ 115.62

1. Any minor arithmetic deviation is due to rounding.

# Transfer Station Cost of Service

**Table 15**  
**Transfer Station Center Cost of Service**

	<b>Year 1</b> <b>FY 2015</b>	<b>Year 2</b> <b>FY 2016</b>	<b>Year 3</b> <b>FY 2017</b>	<b>Year 4</b> <b>FY 2018</b>	<b>Year 5</b> <b>FY 2019</b>
<b>Annual Revenue Requirement<sup>1</sup></b>					
Direct Allocation	\$ 1,075,446	\$ 1,088,627	\$ 1,102,040	\$ 1,123,118	\$ 1,137,101
Brush	29,106	29,745	30,398	31,058	31,739
Overhead/Indirect	402,727	410,546	418,512	429,121	437,419
<b>Total Cost of Service</b>	<b>\$ 1,507,279</b>	<b>\$ 1,528,918</b>	<b>\$ 1,550,950</b>	<b>\$ 1,583,297</b>	<b>\$ 1,606,259</b>
<b>Billing Units</b>					
Annual Tonnage	35,929	35,929	35,929	35,929	35,929
<b>Monthly COS</b>					
Cost per Ton	\$ 41.95	\$ 42.55	\$ 43.17	\$ 44.07	\$ 44.71

1. Any minor arithmetic deviation is due to rounding.



# Disposal Cost of Service

**Table 17**  
**Disposal Cost of Service**

	<b>Year 1</b> <b>FY 2015</b>	<b>Year 2</b> <b>FY 2016</b>	<b>Year 3</b> <b>FY 2017</b>	<b>Year 4</b> <b>FY 2018</b>	<b>Year 5</b> <b>FY 2019</b>
<b>Annual Revenue Requirement<sup>1</sup></b>					
Direct Allocation	\$ 710,500	\$ 724,710	\$ 739,204	\$ 753,988	\$ 769,068
Overhead/Indirect	21,809	22,230	22,659	23,230	23,677
<b>Total Cost of Service</b>	<b>\$ 732,309</b>	<b>\$ 746,940</b>	<b>\$ 761,864</b>	<b>\$ 777,218</b>	<b>\$ 792,745</b>
<b>Billing Units</b>					
Annual Tonnage	35,929	35,929	35,929	35,929	35,929
<b>Monthly COS</b>					
Cost per Ton	\$ 20.38	\$ 20.79	\$ 21.20	\$ 21.63	\$ 22.06

1. Any minor arithmetic deviation is due to rounding.

# Current Rate Recovery

**Table 18**  
**Revenue Projections Based on Current Rates**

	<b>Year 1</b> <b>FY 2015</b>	<b>Year 2</b> <b>FY 2016</b>	<b>Year 3</b> <b>FY 2017</b>	<b>Year 4</b> <b>FY 2018</b>	<b>Year 5</b> <b>FY 2019</b>
<b>Revenue</b>					
Residential Operations	\$ 1,782,842	\$ 1,782,842	\$ 1,782,842	\$ 1,782,842	\$ 1,782,842
Commercial Refuse Operations	\$ 1,653,006	\$ 1,653,006	\$ 1,653,006	\$ 1,653,006	\$ 1,653,006
Commercial Roll-Off Fees	\$ 453,868	\$ 453,868	\$ 453,868	\$ 453,868	\$ 453,868
Transfer Station & Disposal	\$ 759,820	\$ 759,820	\$ 759,820	\$ 759,820	\$ 759,820
	<b>\$ 4,649,536</b>	<b>\$ 4,649,536</b>	<b>\$ 4,649,536</b>	<b>\$ 4,649,536</b>	<b>\$ 4,649,536</b>
<b>Revenue Requirement<sup>1</sup></b>	<b>\$ 4,713,308</b>	<b>\$ 4,784,056</b>	<b>\$ 4,856,106</b>	<b>\$ 4,956,292</b>	<b>\$ 5,031,352</b>
Over / (Under) Recovery					
Annual	(\$ 63,772)	(\$ 134,521)	(\$ 206,570)	(\$ 306,756)	(\$ 381,816)
Cumulative		(\$ 198,293)	(\$ 404,863)	(\$ 711,618)	(\$ 1,093,435)

1. As presented in the "Development of the 'Test Year'" Section of this report

# Proposed Residential Rates

- Increase Residential Rates by \$1.00 in FY 2016, and then again in FY 2018

**Table 19**  
**Proposed Residential Rates**

	<b>Rate per Ordinance</b>	<b>Consultant Recommended Rate Increase</b>	<b>Total</b>	<b>Annual Percent Change</b>
FY 2015	\$ 20.00	-	\$ 20.00	0.0%
FY 2016	-	1.00	21.00	5.0%
FY 2017	-	-	21.00	0.0%
FY 2018	-	1.00	22.00	4.8%
FY 2019	-	-	22.00	0.0%

# Proposed Commercial Rates for FY 2016

- Increase Current Rates by 7%

**Table 20**  
**Proposed Commercial Rates – FY 2016**

Cubic Yards	1	2	3	4	5	Extra Pick-Up
2 CY	\$ 73.56	\$ 123.62	\$ 173.67	\$ 223.73	\$ 273.79	\$ 34.12
4 CY	\$ 93.55	\$ 163.61	\$ 233.67	\$ 303.72	\$ 373.77	\$ 47.76
6 CY	\$113.55	\$203.60	\$ 293.65	\$ 383.70	\$ 473.75	\$ 61.40
8 CY	\$ 133.55	\$ 243.60	\$ 353.64	\$ 463.68	\$ 573.73	\$ 75.03

**Percent Over/Under as Compared to Cost of Service Rates in FY 2016**

Cubic Yards	1	2	3	4	5	Extra Pick-Up
2 CY	-10%	-11%	-11%	-11%	-11%	-11%
4 CY	-11%	-11%	-11%	-11%	-11%	-11%
6 CY	-11%	-12%	-12%	-12%	-12%	-12%
8 CY	-12%	-12%	-12%	-12%	-12%	-12%

# Proposed Commercial Rates for FY 2018

- Increase FY 2016 Proposed Rates by 7%

**Table 21**  
**Proposed Commercial Rates – FY 2018**

Cubic Yards	1	2	3	4	5	Extra Pick-Up
2 CY	\$ 78.71	\$ 132.27	\$ 185.83	\$ 239.39	\$ 292.96	\$ 36.51
4 CY	\$ 100.10	\$ 175.07	\$ 250.02	\$ 324.98	\$ 399.94	\$ 51.11
6 CY	\$ 121.50	\$ 217.85	\$ 314.21	\$ 410.56	\$ 506.92	\$ 65.69
8 CY	\$ 142.89	\$ 260.65	\$ 378.39	\$ 496.14	\$ 613.90	\$ 80.28

**Percent Over/Under as Compared to Cost of Service Rates in FY 2018**

Cubic Yards	1	2	3	4	5	Extra Pick-Up
2 CY	-7%	-7%	-7%	-7%	-7%	-7%
4 CY	-7%	-7%	-8%	-8%	-8%	-8%
6 CY	-8%	-8%	-8%	-8%	-8%	-8%
8 CY	-8%	-8%	-8%	-8%	-8%	-8%

# Proposed Rate Revenue Recovery Forecast

**Table 22**  
**Revenue Projections Based on Current Rates**

	<b>Year 1</b> <b>FY 2015</b>	<b>Year 2</b> <b>FY 2016</b>	<b>Year 3</b> <b>FY 2017</b>	<b>Year 4</b> <b>FY 2018</b>	<b>Year 5</b> <b>FY 2019</b>
<b>Revenue</b>					
Residential Operations	\$ 1,782,842	\$ 1,871,534	\$ 1,871,534	\$ 1,960,226	\$ 1,960,226
Commercial Refuse Operations	\$ 1,653,006	\$ 1,768,716	\$ 1,768,716	\$ 1,892,526	\$ 1,892,526
Commercial Roll-Off Fees	\$ 453,868	\$ 453,868	\$ 453,868	\$ 453,868	\$ 453,868
Transfer Station & Disposal	\$ 759,820	\$ 759,820	\$ 759,820	\$ 759,820	\$ 759,820
	<b>\$ 4,649,536</b>	<b>\$ 4,853,938</b>	<b>\$ 4,853,938</b>	<b>\$ 5,066,440</b>	<b>\$ 5,066,440</b>
<b>Revenue Requirement<sup>1</sup></b>	<b>\$ 4,713,308</b>	<b>\$ 4,784,056</b>	<b>\$ 4,856,106</b>	<b>\$ 4,956,292</b>	<b>\$ 5,031,352</b>
Over / (Under) Recovery Annual	<b>(\$ 63,772)</b>	\$ 69,882	<b>(\$ 2,167)</b>	\$ 110,149	\$ 35,088
Cumulative		\$ 6,110	\$ 3,942	\$ 114,091	\$ 149,179

1. As presented in the "Development of the 'Test Year'" Section of this report

# Policy Issues & Recommendations

- Yard Waste Collection
  - Require yard waste be disposed of in compostable bags, or owner provided garbage cans
  - Continue to allow citizens to bring their yard waste to the transfer station at no charge, but require that citizens present both a current utility bill and valid driver's license
- Heavy Trash/Large Yard Waste
  - Offer on a quarterly basis via a call-in service
  - Purchase an additional grapple truck

# Policy Issues & Recommendations

- **Scalehouse Tonnage Data**
  - Create a “more user friendly” report that allows tonnage data to be compiled on a monthly basis
- **Monitoring of Roll-off Pulls**
  - Clearly monitor and track the number of compactors versus open-tops that are pulled on a monthly basis
  - Set the same “call in” fee for both open-tops and compactors
- **Part-Time Administrative Assistant**
  - Retain a part-time employee 10-20 hour per week to assist with some of the office duties



# Policy Issues & Recommendations

- **Surcharges for Out-of-City Waste**
  - Charge a 5% - 10% surcharge on out-of-city waste
- **Cost of Recycling**
  - City has ability to grow its recycling program and increase the cost effectiveness of this program through an increase in diversion, which would result in the overall cost per ton being reduced



## Questions or Comments?

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