

SOLID WASTE COMMITTEE MINUTES
September 19, 2006

The Solid Waste Committee meeting was called to order by Tom Johnson, Chair, at 2:00 P.M., September 19, 2006, in the Caucus Room of the City/School Administration Building. Members present were: Tom Johnson, Lloyd LaCroix, and Ron Kroeger. Members absent were: Sam Kooiker and Mike Schumacher.

Staff members present were: Dirk Jablonski, Public Works Director; John Leahy, Landfill Supervisor; Guy Krugjohn, Collections Supervisor; Robin Bommersbach, Accountant; Sharon Shoberg, Administrative Secretary.

Johnson began the meeting with introductions of those present. He noted that this is a fairly large committee but that there are many issues that need to be addressed - staffing, the rate structure and composting. The plan is for the Committee to meet once a month and a task force will be set up if necessary. Johnson asked Jablonski to list and prioritize items for discussion.

Jablonski referenced his email dated September 6, 2006, in which he listed the following issues in priority order:

- Collection Fees
- Staffing
- Equipment Purchases
- Compost Marketing

Jablonski noted that reserve balances are declining and that Solid Waste Operations is spending more than it is taking in. He said that the most important item to be addressed first is collection fees.

Jablonski distributed a handout showing collection fee history and asked for direction from the Committee. He gave the following overview of each page:

The first page shows [collection history](#) over the last 20 years – FTEs, number of accounts, % change in accounts, collection rate, revenue, % change in revenue, expenses, % change in expenses, and year-end 612 fund balance. He noted a big jump in the year-end fund balance for 2003 which was due to finding a number of missed accounts when the City switched to automation. Some homes were actually duplexes but had been billed as single-family homes prior to automation. Variable collection rates also began in 2003.

Jablonski directed attention to the year-end balance projection for 2006 which is estimated to be a negative balance of \$44,553.00.

The second page is a [comparison of revenue & expenses](#) as they relate to rates.

Page 3 is a [comparison of the number of employees in Collections versus the number of collection accounts](#). In 2003, when automation began, the number of employees dropped from 19 FTE to 12 FTE and has remained at that number but the number of collection accounts continues to rise each year. Each truck driver currently averages 707 stops per day with maximum capability considered to be 750 stops per truck per day.

The fourth page is a [10-year projection of collection fees if yard waste costs were moved to the Landfill budget](#). Kroeger asked if wage increases are figured into this chart. Leahy responded that yes, they are based on a 3.6% Consumer Price Index (CPI).

At the present time, only City residential customers are paying for yard waste disposal costs. Any yard waste brought to the Landfill by private hauler is dumped free of charge.

It is recommended that yard waste expenses be moved to the Landfill budget and be included in tip fees so that all users of the Landfill pay for the expense. Costs are currently recovered by way of collection fees and, as a result, only Rapid City residential customers are paying for yard waste disposal.

The chart shows what impact these changes would have on Landfill fees. In 2007, the recommended tip fee **without** recovering yard waste costs is \$22.50 and **with** recovering yard waste costs, the recommended fee is \$24.58. This would raise tip fees but would maintain collection fees.

In response to Alderman Kroeger, staff replied that containers, trucks and equipment are funded through the capital fund.

Bommersbach was asked what is considered a good reserve balance. She stated that 15% of revenue is a good average.

Kroeger stated that as a citizen, he would not want to be paying for non-customer dumping. Staff explained that currently, there is no charge for yard waste dumping but with the proposal, all customers who pay a tip fee would pay for yard waste disposal. A tip fee increase would help to pay for yard waste that is brought in from outside Rapid City.

Johnson explained that the current utility bill consists of fees for all three programs within the Solid Waste Division - Material Recovery Facility,

Collections, and the Landfill. With the proposal that staff is offering, expenses to process yard waste would be spread to all Landfill users.

Jablonski emphasized that the deficit needs to be addressed because Collections is currently borrowing from the other funds to maintain a positive balance. Bommersbach asked if haulers would go elsewhere if tip fees are raised. Jablonski said that fuel increases would actually work to our advantage in that haulers do not want a longer haul. Leahy added that the tip fee would need to be in the \$80.00 per ton range to justify hauling to Belle Fourche.

Jablonski stated that the Committee also needs to spend some time discussing recycling costs.

Johnson added that collection fees are the main focus of today's meeting but in reality, any change made as a result of today's meeting will affect all three Solid Waste programs. Today we are trying to address yard waste issues.

Jablonski requested direction on how to proceed with the proposed issues. Do all three enterprise funds need to be looked at before we can address changing the distribution of what fund yard waste comes out of? Tip fees will also need to be addressed because they will be impacted by this change.

Kroeger wondered how long it would take to reach a \$200,000 reserve if we were to include yard waste costs in tip fees. Leahy responded that most of the predictions take into account adding one truck and two FTEs.

Johnson suggested that if we are going to change rates, we should look at covering all the funds. Several factors that should be considered in calculating rates are:

- An analysis of amortizing trucks over five years versus over seven years. How does that impact rates?
- Paying cash or amortizing equipment purchases.
- Should trucks be bought all at once or one at a time?
- Swap trucks out sooner rather than waiting until truck quits.
- Possibly adding another collection route in approximately two years if growth continues as it has.

Jablonski will make some projections using the above-mentioned factors. He will also make an analysis of fuel costs.

Leahy explained that the purpose of moving yard waste costs to the Landfill rather than to the Material Recovery Facility is that the cost to compost yard waste already comes out of the Landfill budget and that revenue from the sale of compost comes back to the Landfill account.

Jablonski reviewed today's discussion:

- Agreement was reached to move yard waste costs out of Collections and into the Landfill.
- Project what it would cost to build the reserve up to \$200,000. (Johnson suggested that adding 10% per year needs to be considered once the fund reaches \$200,000.)
- Project when an additional collection route will be needed.
- Analyze staggering truck purchases.
- Look at history of fund balance drop - why it did what it did?
- Analyze fuel costs.

A short discussion followed as to what was likely the reason for the projected deficit for 2006 and fuel cost increases were identified as the main problem. Leahy said that from 2004 to 2005, fuel costs increased by 70% and another 14% increase is projected from 2005 to 2006.

Krugjohn added that containers are purchased every year because there is not adequate storage space for a multiple-year supply. When he started as Collections supervisor, stock was nearly depleted so stock was purchased immediately. He also stated that he needs to consider buying a couple of new rolloff containers.

Johnson previewed that the next Committee meeting should cover an analysis of effects to the Landfill if yard waste costs are shifted. If one meeting per month is held, we will be into the beginning of next year before an ordinance would in place for the proposed changes. The regularly scheduled meeting will be the 3rd Tuesday of each month at 2:00 P.M. but he will try to schedule a special meeting before then.

Kroeger asked that if all this information is available at a special meeting, would tip fees be discussed at the next regular meeting? It was noted that recommendations will go to Public Works Committee and Legal & Finance Committee.

There being no further business, the meeting ended at 2:50 P.M.