TWO PRESENTATIONS

- 25 January 2011 - City Operations
  Service delivery FY12 thru FY18

- 21 June 2011 - Post SPSA
  Operations/Disposal Alternatives following end of current contract period (17 Jan 2018)
CITY OPERATIONS

- Collections
- Recycling
- Disposal
- Program Support
COLLECTIONS

- Municipal Solid Waste (MSW)
- Yard Debris
- Yard Debris Containers
- Bulk Items/Special Collections

- 8 Route Coordinators
- 4 Supervisors
MSW COLLECTION

COLLECTIONS

- Municipal Solid Waste (MSW)
- Yard Debris
- Yard Debris Containers
- Bulk Items/Special Collections

- 8 Route Coordinators
- 4 Supervisors
MUNICIPAL SOLID WASTE (MSW)

- Black Containers
- Residential Only/Once Weekly Collection
- 123,660 Customers/6.4M Collections
  - 40,000 Multi-family not serviced by City
  - 27,525 Businesses in VB must acquire Private Service
- Four Collection Days: Tuesday – Friday
- 152,000 Tons/Year
- 38 Routes/Day
- 42 FTE’s
MUNICIPAL SOLID WASTE COSTS

- $14.8 Million/Year
- $104/Ton ($39 Collection/$65 Disposal)
- $10/Month/Residence
MSW INITIATIVES

- Tandem vs. Single Axle Vehicles
- Routing Maximization
YARD DEBRIS COLLECTION

COLLECTIONS

- Municipal Solid Waste (MSW)
- Yard Debris
- Yard Debris Containers
- Bulk Items Special Collections

8 Route Coordinators
4 Supervisors
YARD DEBRIS COLLECTION

- Once/Weekly Service, Same as MSW
- Bagged Grass/Leaves and Brush
- Avoids MSW Contamination
- Keeps Material Out of Storm Drains/Ditches
- Emergency Response
- 37,000 Tons Yearly
- 18-24 Rear Loader Vehicles
- 36 FTE’s
YARD DEBRIS COSTS

- $3.6 Million/Year
- $97.30/Ton Cost Collection and Disposal
- Cost $2.44/Month/Residence
YARD DEBRIS INITIATIVES

- FY10 Disposal to SPSA at $56.01/T Tip Fee
- FY11 Contract Disposal/Compost at $36.99/T
- Cost Saving FY11 = $500K
- Cost Saving FY12 = $800K
- Increase Recycling Rate From 17% to 35%
YARD DEBRIS INITIATIVES

- **Current Study With DOE Grant Funding**
  - Indoor Composting/Transfer Station/Storm Debris/Mulching
  - Study Complete in May 2011
  - To provide initial site planning for the ITA Waste Management Area

- **Potential Public-Private Partnership**
  - Contract for Disposal/Compost/Biofuel/Mulching
  - Coordinate With ODU Algae Farm
YARD DEBRIS CONTAINERS

COLLECTIONS
- Municipal Solid Waste (MSW)
- Yard Debris
- Yard Debris Containers
- Bulk Items/Special Collections

- 8 Route Coordinators
- 4 Supervisors
YARD DEBRIS CONTAINERS

- Service by Request/4,000 Per Year
- 24 - 17CY Containers, 4 Trucks, 4 FTE’s
- Woody Debris/Re-Use as Mulch
- 3,500 Tons Annually
YARD DEBRIS CONTAINERS COSTS AND REVENUES

- User Fee - $40/Weekday, $75/Weekend
- $200K/Year Revenue
- $550K/Year Cost
- $350K/Year Net Cost
- $100/Ton
- Cost $0.23/Month/Residence
BULK ITEMS/ SPECIAL COLLECTIONS

- Municipal Solid Waste (MSW)
- Yard Debris
- Yard Debris Containers
- Bulk Items Special Collections
- 8 Route Coordinators
- 4 Supervisors
BULK ITEMS/SPECIAL COLLECTIONS

- Service by Request/115,000 Per Year
- White Goods, Garage Cleanups
- No MSW or Building Materials
- Emergency Response
- 9 Boom Trucks, 18 FTE’s
- 8,000 Tons Annually
BULK ITEMS/SPECIAL COLLECTIONS

- $2.3 Million/Year
- $287.50/Ton
- Most Expensive Program Per Ton
- Cost $1.56/Month/Residence
RECYCLING PROGRAMS

- Residential
- Drop-Off Containers
- Municipal
RESIDENTIAL

RECYCLING PROGRAMS
- Residential
- Drop-Off Containers
- Municipal
RESIDENTIAL

- Blue Containers
- Bi-Weekly Collection via Contract
- 35,000 Tons Annually
- 67% Participation, 17% Diversion
- Clean Community Commission
- 2FTE’s/Collateral Duties
RESIDENTIAL COSTS

- $5.8 Million/Year
- Cost $46.30/Year/Residence ($3.86/Month)
- Costs Saved $2.3M SPSA, $2.5M Collections ($4.8M)
RECYCLING INITIATIVES

- Every Ton in the Blue Container Saves One Ton of SPSA Tipping Fees ($65.35/Ton)
- Clean Community Commission – 5,000 New Advocates
- Emphasis on Marketing
- Increase to 20% in FY12 Saves $325K
- Increase to 25% in FY13 Saves $900K
- Same 25% Rate in FY17 Saves $1.5M
DROP-OFF CONTAINERS

RECYCLING PROGRAMS
- Residential
- Drop-Off Containers
- Municipal
DROP-OFF CONTAINERS

- Four Locations
  - Municipal Center
  - First Landing State Park
  - VB Landfill
  - Princess Anne High School

- Recycling Opportunity for Multi-family Residential
- Large Boxes
- Peak Volumes
- 2,000 T/year
MUNICIPAL

RECYCLING PROGRAMS

- Residential
- Drop-Off Containers
- Municipal
MUNICIPAL RECYCLING

- City Facilities
- Until Summer 2010 Office Paper
- Expanded to Same Service as Residential
- Battery Recycling
- Oceanfront Recycling
- Schools
- 70% Switch from MSW to Recyclables
- Bldgs #1 & #2: 17 black 95gal carts down to 5 per day
DISPOSAL OPERATIONS

- Landfill Operations
- SPSA
Cell 1
Cells 1, 2A, & 4
Capacity = 3.7 M CY
= 2.2 M TONS
Lifespan = 17 YEARS

Cell 2A

Cell 2B

Cell 3

Cells 2B & 3
Capacity = 8.0 M CY
= 4.8 M TONS
Lifespan = 24 YEARS
# COMPARISON OF SITE DEVELOPMENT SCENARIOS

## MSW AND MWC ASH DISPOSAL

<table>
<thead>
<tr>
<th>Scenario &amp; Description</th>
<th>Disposal Capacity</th>
<th>Lifespan (Years)</th>
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<tr>
<td></td>
<td>Airspace (Million Cubic Yards)</td>
<td>Capacity (Millions Tons)</td>
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<td><strong>MSW Disposal</strong></td>
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<td>Phases 2B &amp; 3</td>
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<td>Total</td>
<td>12.0</td>
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</table>
LANDFILL OPERATIONS
LANDFILL OPERATION

- Opened 1976 for all City Waste
- Use and Support Agreement Expires Jan 2018
- Ash and Residue Agreement Expires Dec 2015
- SPSA Pays for Landfill Operating Costs - $2M
- 200K Tons Ash Annually
- 5% City MSW Saving $525K/Year
- 15 FTE’s
- Costs $1.35/Month/Residence
LANDFILL INITIATIVES

• Convenience Center

• Tarps as Alternative Daily Cover
  - Saves Air Space
  - Reduce Material Costs

• Mulch Recovery in Cell 2A
CONVENIENCE CENTER

- Free Drop-Off for VB Residents
- Keeps Private Vehicles Off Hill/Faster/Safer
- Increases Capture of Recyclables and HHW
- Allows Smaller Work Face on Hill
  - Less Cover Material
  - Less Operating Costs
  - Gains Air Space
  - Saves $660,000 of airspace per year (26,439cy)
HHW/WHITE GOODS/MULCH

- Previous SPSA Operation
- City Operation September 2010
- Increased City Revenue/Lowered Costs
- Mulch 4,000 Tons Woody Debris for P&R
- Cost $500K/Year
- Cost Savings $350K Annually
METHANE RECOVERY

- Voluntary for Our Size Landfill
- City Contract With Ingenco
- Maintenance of Recovery System
- Useful for Odor Control
- Environmental Benefits
- Annual Revenue of $65K
VB LANDFILL CIP COSTS
for Currently Permitted Phases

- **Phase 1 Closure to begin in 2013**
  - $16M Total Cost
  - $9M+/- SPSA Cost Share
  - $6M local funds in CIP

- **Phase 2A Closure 2015 -2016**
  - $7.6M Total Cost
  - $6.8M+/- SPSA Cost Share

- **Phase 4 Development 2014**
  - $23.6M (needed to open in Jan 2016)
  - Full City Cost

Total $47.2M

$15.8M SPSA
$31.4M City
### SPSA MSW TIPPING FEES

<table>
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<tr>
<th>Year</th>
<th>Fee</th>
<th>Amount</th>
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<tr>
<td>FY18</td>
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**Total 7 Year Increase**  
$26.9M

**Average Yearly Increase**  
$3.8M

**FY12 First Year Increase**  
$1.6M
PROGRAM SUPPORT

- Program Management
- Customer Service – 155,000 Calls, 25,000 E-mails
- Contract Administration
- Accounting/Budgeting
- Payroll
- Safety/Equipment Coordination
PROGRAM SUPPORT COSTS

- $973K/Year
- 3% of Total Budget
- Cost $0.66/Month/Residence
FY12 WASTE MANAGEMENT OPERATING BUDGET

- Collection $21.2M 145.5 FTE
- Recycling $5.8M 2 FTE
- Disposal $4.2M 15 FTE
- Program Support $1.0M 15 FTE

- Operating BUDGET $32.2M 178.5 FTE
Current Average Life exceeds 10 Years
Industry Standard is 7 Years
Impacts of Current Replacement Schedule:
- Increased Maintenance Costs
- Increased Breakdowns
- Requires More Spare Vehicles
- More travel time for single axle vehicles

- 29 rear loader yard debris trucks
- 13 grapple bulk item trucks
- 7 hook lift yard debris/convenience center trucks
- 41 single rear axle MSW trucks
- 18 tandem axle MSW trucks

Goal: replace 41 single axle with 30 tandems (7 per year)
Cost per tandem vehicle: $228,660 in FY12
FUNDING REQUIRED FOR SEVEN YEAR REPLACEMENT SCHEDULE (MINIMAL INDUSTRY STANDARD):

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<tr>
<td>FY18</td>
<td>$3.7M</td>
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</table>

FY12 thru FY18

Total 7 Year Increase $15.7M
Average Yearly Increase $2.2M
FY12 First Year Increase $2.2M
Landfill Maintenance & Regulatory Compliance

Landfill Regulatory Permits
- Landfill Permit – DEQ – Establishes:
  - Design and operating standards
  - Groundwater and gas monitoring requirements
  - Closure and post closure care requirements
  - Financial Assurance
- VPDES Permit – DEQ
- Title V Air Permit - DEQ
- Industrial Wastewater Discharge Permit – HRSD
- $500K annually
FY12 BUDGET

OPERATING COSTS
- OPS: $21.7 M
- SPSA: $10.5 M
- CAPITAL EQUIPMENT REPLACEMENT: $3.1 M
- LMRC: $0.5 M

TOTAL FY12 REQUIREMENTS: $35.8 M

Current FY12 Budget Target: $28.5 M
This reflects a 6.6% reduction of $3.7 M
## FY12 to FY18 Requirements

### Waste Management Projected Costs

**FY 2011 through FY 2018**

<table>
<thead>
<tr>
<th></th>
<th>Ops</th>
<th>SPSA Disposal</th>
<th>Equipment</th>
<th>LMRC</th>
<th>Total</th>
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**TOTAL 7 YEAR INCREASE** $58.2M

**Average Annual Increase** $8.3M

**FY12 Waste Management Target** $28.5M

**FY12 Requirements above Target** $7.3M
FY12 Budget Deficit

- $21M City revenue shortfall
- Targets to Departments:
  - 6.6% Reduction in non-public safety
  - 2.5% Reduction to public safety
- 3rd year reductions creating severe negative impacts to City service delivery and all department mission execution
- Waste Management Program review identifies several issues
  - Essential service for maintaining our Quality of Life
  - Requires ‘Must Fund’ appropriation at expense of other missions
  - Inequity that this service is covered in Real Estate tax
  - MSW lends itself for consideration of several funding options
  - Adopting a change in program funding could assist in developing the City’s long term financial strategy
  - Decline in RE taxes places importance on review of fees for services
### FY12 to FY18 Requirements

<table>
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<td>47.0</td>
<td>45.9</td>
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</table>

**TOTAL 7 YEAR INCREASE** $58.2M

**Average Annual Increase** $8.3M

**FY12 Waste Management Target** $28.5M

**FY12 Requirements above Target** $7.3M
Waste Management Program Evaluation for FY12 Budget Decision

- Yard Debris Operational Costs = $3.6M
- MSW Operational Costs = $14.8M
Yard Debris Collection

- Seasonal Variations
- Neighborhood Variations
- Individual User Variations
- Labor intensive
- Very costly to outsource/privatize
- Provides storm clean up
- Key contributor to our clean City – quality of life
- Lesser capital equipment replacement costs
- Lower cost per pickup ($1.87)
- Elimination of service: illegal dumping, back yard composting, storm water impacts

Staff recommendation to CM: Retain as a City delivered service
MSW CITY COLLECTION

- Predictable flow
- Established routes with consistent service delivery
- Lowest Labor costs thru highest mechanization
- Easiest to outsource/privatize
- 90.4% Citizen Satisfaction Rating
- Higher cost per pick up ($2.30)
- Must fund when a City provided service
- Funding alternatives could provide a significant impact on the General Fund deficit

Staff recommendation to CM: Consider alternatives for funding
MSW Collection Funding Alternatives

• Contract Collection

• Privatize Collection
  □ Open Market
  □ Franchise

• Retain City Collection
  □ Fee for Service
  □ Real Estate Tax
Definite private sector interest
Disposal still required to go to SPSA
City retains responsibility to customers
Less control over work & responsiveness
Increased contract management costs
Risk of lowball contract/increased claims
Risk of poor contract performance
Magnitude of savings to GF – minimal at best
High likelihood of increased program cost
Disposal of City equipment
Reduces size of government but more likely not the cost
MSW PRIVATIZED COLLECTION

Open Market Alternative

- Customers Contract With Private Haulers
- Disposal still required to go to SPSA
- Least Amount of City Control
- Multiple Haulers in Neighborhoods
- Every Day is Trash Day
- More Wear and Tear on Neighborhood Streets
- Savings to General Fund $14.8M
- Cost Range $16-21/Month
- Disposal of City Equipment
- Reduces size and cost of government
- Increased illegal dumping/code enforcement
MSW PRIVATIZED COLLECTION

Franchise Alternative

- City wide or by quadrant
- More Control Than Open Market
- Disposal still required to go to SPSA
- Customers Contract Directly with Franchisee
- Savings to General Fund $14.8M
- Cost Range $17-22/Month
- City Receives Franchise Fee
  - Offset Revenue for Additional Inspectors
  - Offset costs to retain Yard Debris service
- Disposal of City Equipment
- Reduces size of government
- Increased illegal dumping/code enforcement
Annual revenue is based on 123,660 customers.

Revenues include a 5% vacancy rate.

The proposed FY12 Budget for MSW (operating, tipping fees) is $14.8M. Full MSW cost recovery (including billing) of this amount would require a monthly fee of $11.

This fee does not include annual capital equipment replacement costs.
### MSW CITY COLLECTION

#### Real Estate Tax

- **1¢** in Real Estate Tax for FY12 = $4.95M
- **MSW total cost $14.8M per year (no billing & no capital equipment replacement costs)**

<table>
<thead>
<tr>
<th>cents/$100 assessed value</th>
<th>Revenue created</th>
<th>Fee for Service comparison</th>
<th>% of MSW cost covered</th>
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<tr>
<td>1</td>
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<td>3</td>
<td>$14.85M</td>
<td>$10.01</td>
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</table>
MSW Collection Funding Choices

- No changes to funding: distribute budget cuts to other Departments, services, programs, and/or dedications

- Contract service delivery: minimal initial savings transitioning to a good chance of increased costs

- Privatize service delivery: maximize savings to General Fund by conveying costs to service recipients

- City Collection: RE Tax vs. Fee for Service
  - Requires a fee structure to account for:
    - MSW annual operating costs (baseline $14.8M)
    - Additional $58.2M thru end of SPSA contract
  - Equity discussion for residents and businesses
  - 5 month billing preparation period requires $200K
General Fund Impact of MSW Funding

- FY12 WM Target $28.5M
- FY12 WM Requirements $35.8M
- FY12 WM Program Deficit $7.3M
- MSW Funding Option $14.8M
- General Fund Deficit Offset $7.5M*

* Based on fully funding capital equipment replacement on a 7 year cycle
NEXT STEPS

- Support further Council discussion
- Receive Manager’s FY12 Budget Recommendation
- City Council approval of FY12 budget
- Expect 25 June presentation: Post 2018 Alternatives