

# Valparaiso City Services Public Works Division Trash & Recycling Rate Case 2022

Final Summary to the Valparaiso City Council
Public Hearing & Final Vote
September 12, 2022



# **The Process - How Did We Get Here?**

- 1. Financial and Operational Studies (2021)
- 2. Establishment of a nine (9) Member Trash & Recycling Committee (October 2021)
- 3. Three (3) Meetings of the Committee (December 2021 to February 2022)
- 4. Comments and Changes to the Existing Ordinance by the Committee (March 2022)
- 5. Final Recommendation by the Committee (April 2022)
- 6. Presentation to the Mayor and City Administration (April 2022)
- 7. One-on-One meetings with Council Members (May 2022)
- 8. Finalization of Executive Summary (June 2022)
- 9. Board of Works & Public Safety Resolution Summary & Recommendation to the City Council (August 2022)
- 10. Public Presentation (August 2022)

### **AUGUST 22, PUBLIC PRESENTATION**

- City Services Strategic Plan
- Operations Overview (Service & Logistics)
- Data (Trash & Recycling)
- Customer Growth/Landfill Costs (Recycling Market)/Fuel Cost of Doing Business
- Committee Details & Charge of the Committee (Challenges & Main Questions)
- History of Rates
- Financial Analysis (Baker Tilly)
- Privatization Option
- Internal Audit (Strategic One Services) & Recommendations
- Committee Recommendations
- Amended Ordinance
- Low Income Rate
- Financial Wins for the City



### **NOTIFICATION PROCESS**

- Spring City Talk Newsletter March of 2022 (Intent & Formation of the Committee)
- One on One Meetings with City Council Members May of 2022
- Letter to Residents sent on July 25 and August 5 via our Valparaiso City Services billing system.
- Web link established July 25 on the VCS Website (<u>www.ci.valparaiso.in.us/163/City-Services---Public-Works-Division</u>) which provided the public the following documents and the opportunity for the public to reach out to our Customer Service Center to ask questions via (phone/email).

#### Link includes the following information:

- City Talk Newsletter Spring
- Letter to Residents
- Frequently Asked Questions & Public Meeting Schedule
- Trash and Recycling Fee Schedule
- Chapter 53 Amended Ordinance
- Executive Summary & Report
- Copy of Presentation and Link to City Council Presentation
- Formal Press Release August 12, 2022
- Board of Works & Safety Resolution Recommendation August 12, 2022
- First Reading & Presentation to the Public August 22, 2022
- Public Hearing and Final Vote City Council September 12, 2022

## What Service Do I Receive for my \$12.00 per month?

- Weekly Residential Curbside Service Monday Thursday (7 Trucks per day)
  - This includes Trash & Recycling EVERY WEEK
  - Metal and Electronics Collection EVERY WEEK
- <u>96 Gallon Trash & Recycling Totes</u>— Provided to Customers at no charge.
- Replacement Totes
- <u>Alleyways</u> Carts Serviced in Alleyways & Curbside for same account.





# WHAT IS THE ISSUE?

- TRASH AND RECYCLING RATES HAVE NOT BEEN INCREASED SINCE 2012
- CITY HAS GROWN ON A YEARLY BASIS
- COST OF DOING BUSINESS INCREASES YEARLY
  - SALARIES/BENEFITS

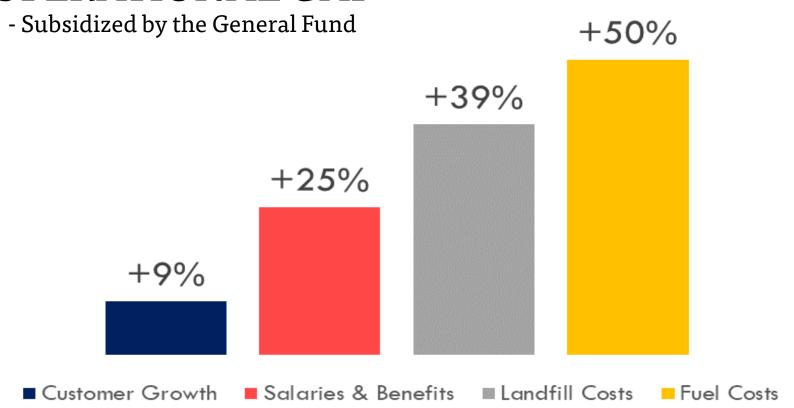
  - MACHINERY (CAPITAL IMPROVEMENT NEEDS)
  - MAINTENANCE COSTS
  - LANDFILL COSTS
  - MARKET VOLATILITY

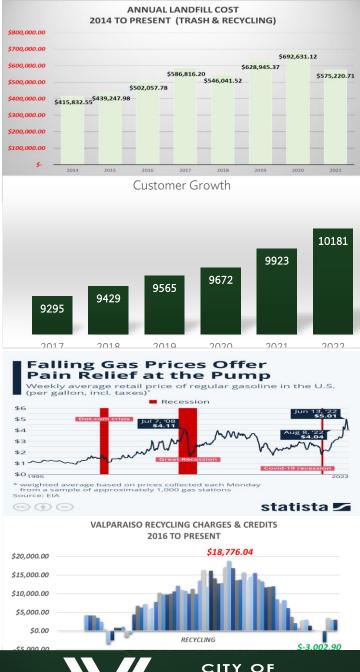


### **OPERATIONAL COSTS**



### **OPERATIONAL GAP**





### Proforma Annual Revenue Requirements

### **Revenue Requirements:**

Operation & Maintenance Disbursements	\$1,836,900
Capital Replacement	571,400
Road Impact Cost	94,200

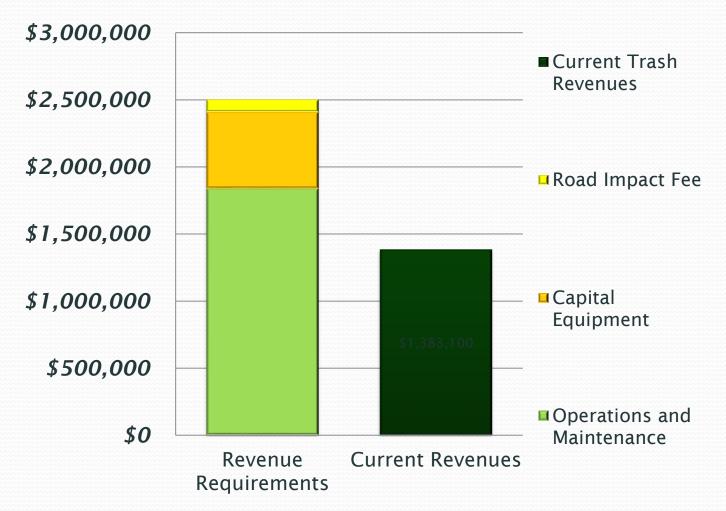
Total Annual Revenue Requirements \$2,502,500

### **Annual Revenues**

Current Revenues	\$1,383,100		
Additional Revenue Required	\$1,119,400		
Across the Board Increase	81% or \$9.70		



#### Revenue / Revenue Requirement Comparison



# Total Revenue Requirement Change – 81%

- Refuse/Garbage Collection Bill Impact - \$9.70 per month
- Proposed
   Refuse/Garbage
   Collection Bill \$21.70



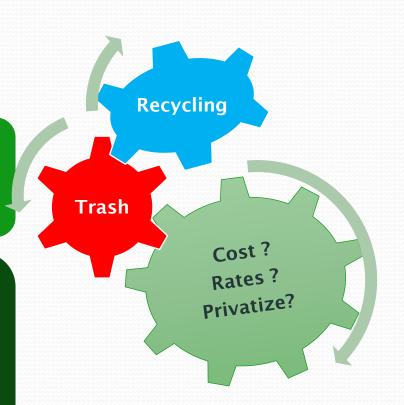
# Formation of a Committee





### **CHARGE OF THE COMMITTEE**

RECOMMEND A TRASH & RECYCLING FEE THAT IS REASONABLE TO THE COMMUNITY IN ORDER TO SUSTAIN THE SOLID WASTE COLLECTION AND DISPOSAL ACTIVITIES AND SERVICES PROVIDED BY VCS PUBLIC WORKS



# **Strategies Used**

- 1. Conducted a financial analysis to determine the "true" cost of providing refuse/garbage and recycling services to the City of Valparaiso. This included a review of the Public Works Division's operational cash disbursements by Baker Tilly, LLP.<sup>(1)</sup>
- 2. Discussions and/or interviews with neighboring communities regarding their refuse/garbage and recycling decisions.
- 3. An evaluation of privatization.
- 4. Internal operational audit of the refuse/garbage and recycling operations of the Public Works Division by Strategic1 Business Services, LLC.<sup>(2)</sup>
- 5. A review of the City of Valparaiso's current trash and recycling ordinance regulations including Chapter 53: Refuse and Recycling within the City's *Code of Ordinances*. (3)



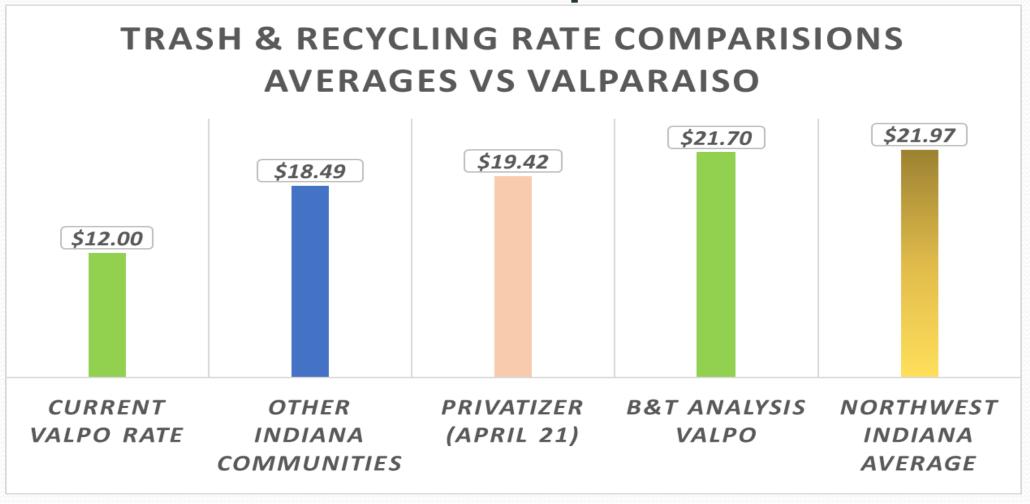
# Monthly Trash & Recycling Rate Comparison Neighboring Communities (January 2022)







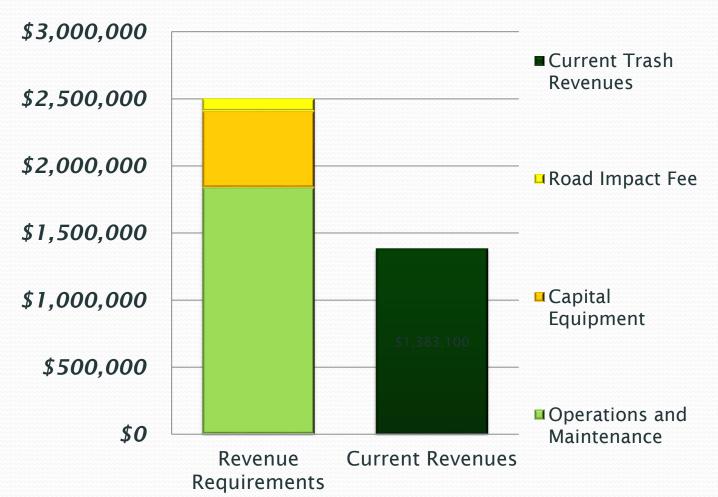
# Are We Competitive?





# Internal Operational Assessment of Trash & Recycling Strategic 1 Services

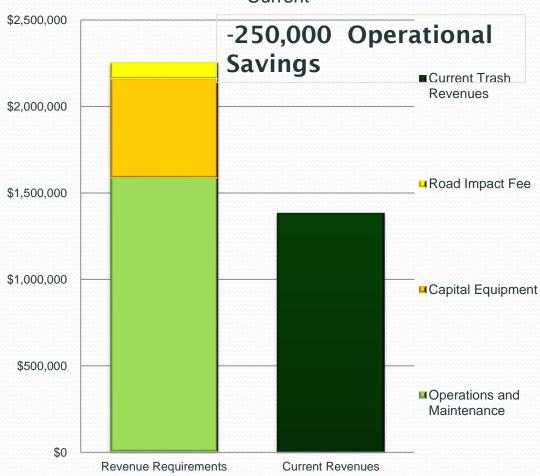
#### Revenue / Revenue Requirement Comparison



# Total Revenue Requirement Change – 81%

- Refuse/Garbage Collection Bill Impact - \$9.70 per month
- Proposed
   Refuse/Garbage
   Collection Bill \$21.70





# Total Revenue Requirement Change – 63%

- Refuse/Garbage Collection Bill Impact - \$7.55 per month
- Proposed
   Refuse/Garbage
   Collection Bill \$19.50



### Proforma Annual Revenue Requirements

#### **Revenue Requirements:**

Operation & Maintenance Disbursements

Capital Replacement

Road Impact Cost

\$1,586,900 (-\$250,000)\* 571,400 94,200

Total Annual Revenue Requirements

\$2,252,500

#### **Annual Revenues**

Current Revenues Additional Revenue Required

Across the Board Increase

\$1,383,100 \$ 869,400 **63% or \$7.50** 

\*(\$250,000 Operational Savings)









# **Key Takeaways from the Committee**

- 1. City Provides High Level of Service to Valparaiso Customers
- 2. City is Competitive versus (Neighboring Communities & Private Market)
- 3. Privatization is not the right choice for Valparaiso
  - Affects Work Force Flexibility
  - Affects Employment
  - Controlling Costs
- 3. Regardless of Market Conditions Need a More Robust Recycling Education Plan
- 4. Per Internal Audit Implement Operational Changes & Continuous Improvement
  - Provides Operational Cost Savings (\$250,000 annually +/-)
- 5. Modify Ordinance to reflect operational changes that result in clearer rules, regulations and eliminate unnecessary operational costs.
- 6. Per the Study Adjust Trash and Recycling Rate to \$19.50 per month



# **Schedule**

CITY OF VALPARAISO REFUSE AND RECYCLING FEE SCHEDULE				
Current Rate		Proposed Rate		
Standard Monthly Fees				
Residential - Refuse + Recycling	\$12.00	\$19.50		
Residential - Low Income Qualified	\$6.00	\$9.75		
Additional Refuse and/or Recycling Units	\$9.00 per unit per month	\$14.65 per unit per month		
Business Patron Refuse	\$15.00	\$24.40		
Miscellaneous Fees				
Return Trip Fee		\$45.00		
Large Bulk/Household Construction Items		\$15 per cu. Yd. + \$10 pick-up fee		
Illegal Dumping		\$500 per occurrence per day *		
Disposal Unit Replacement		Actual cost of container		
* At the discretion of the Board of Works and Safet	y. A minimum fine of \$500 up to the	e maximum as allowable by State Law		

### **Low Income Trash Rate**

- \$9.75 Per Month
- To qualify as a "low-income resident" a customer must have an income level no greater than 150% of the current federally established poverty guidelines. Gross household income is verified each year.
- 2022 low-income qualifications are:
  - 1 Person \$20,385
  - 2 Person \$27,465
  - 3 Person \$34,545
  - 4 Person \$41625
  - 5 Person \$48,705
  - 6 Person \$55,785
- Application must be received by April 15<sup>th</sup> each year for the discount to continue.
- Application can be filled out at 205 Billings St or printed from our website and mailed in.
  - On-Line Application are Available
- New applications can be made at any time for the current year and are not retroactive.
- Applications may be submitted for residential locations only.

# Ordinance Changes to Note:

- Requiring all premises, both business and residential to subscribe to a collection service.
- Changing every week recycling collection to every-other-week.
- Eliminating recycling for businesses.
- Providing service for multi-units that are four (4) or less.
- Eliminating service for private roads unless waiver of liability is provided and alleyway collection where feasible.
- Define bulk items and how they will be charged and collected.
- Fees for additional trips along with amending the current rates and charges

# Recycling Education Program

- Direct Mail Campaigns
- Flyers included alongside yearly/quarterly correspondence.
- Advertisements in Community Sections/Inserts with the Times of Northwest Indiana
- Radio spots. 15/30/60 second promotions. Across Adams Radio Group. WVLP, Lakeshore Public Radio,
- Press releases with combined presence from the District & the City.
- Video Promotions
- Social Media- Facebook posts. Encompassing tags from the District & the City.



1 1

- Did you know plastic bags can't be placed in regular curbside recycling?
  - When plastic bags get mixed in with other recyclables, they're difficult to sort out. Plastic
    bags often jam or damage the machines at local sorting facilities. This significantly slows
    down the recycling process and creates work stoppages. Resulting in increased
    processing costs.
  - Helpful Tip: If the plastic material in question can be wrapped around your finger, it doesn't belong in your recycle bin.
  - Plastic bags can be recycled at the Valparaiso Compost Site located at 2150 W. Lincolnway, Hwy. 130 – 1 mile west of intersection with Joliet. For complete list of plastic bag recycling locations throughout Porter County visit <a href="https://portercountyrecycling.org/recycling-directory/">https://portercountyrecycling.org/recycling-directory/</a>
  - Questions? Contact us at info@PorterCountyRecycling.org for more information



### Main Recommendations & Schedule:

1. Increasing the City of Valparaiso's residential customer solid waste collection and disposal rate from the current flat rate of \$12.00/month to \$19.50/month starting in 2022. This would provide a 63% increase over existing revenues for the Division and properly fund current operations.

October 2022 Payable November 2022

- 2. Implementation of efficiency improvements to the Division's current operations.
  - √ Recycling Every Other Week

Starting January 1, 2023

- ✓ Eliminate Free Recycling for ALL Businesses
- 3. Revision of Chapter 53: Refuse and Recycling within the City of Valparaiso's Code of Ordinances in order to reflect current conditions since it was last amended in 2012.



# Public Hearing & Final Vote



# **Challenges of Collection:**







### Pro Forma Annual Cash Operating Disbursements

	Calendar		
	Year	Pro Forma	
	2020	Adjustments	2022
Annual Operating Disbursements:			
Salaries, Wages & Benefits	\$738,308	\$184,766	\$923,074
Landfill costs	586,892	147,108	734,000
Supplies	2,525	-	2,525
Fuel	74,943	18,736	93,679
Repairs and Maintenance	49,194	-	49,194
Contractual Services	18,734	-	18,734
Vehicle Insurance	15,414	308	15,722
Annual Cash Operating Disbursements	\$1,486,010	\$350,918	\$1,836,928

Rates last adjusted per Ordinance No. 21-2012 adopted August of 2012.



# Capital Equipment Replacement Schedule

	Estimated Project Year					
	2022	2023	2024	2025	2026	Totals
New Way 20RL Cobra/GU532	\$ -	\$ -	\$ -	\$190,400	\$ -	\$190,400
Mack GU532 18YD Heil Refuse Truck	-	-	-	-	195,500	195,500
Mack GU533 25YD Heil Refuse Truck	-	-	-	-	230,000	230,000
New Way 20YD Cobra/GU533	-	-	185,300	-	-	185,300
Mack 20YD New Way LR612	-	-	-	260,000	-	260,000
International 7400 25YD Loadmaster	-	212,000	-	-	-	212,000
International 7400 Loadmaster	175,100	-	-	-	-	175,100
Mack LEU613	-	295,260	-	-	-	295,260
Mack LEU613	288,600	-	-	-	-	288,600
Unforeseen Capital Costs	100,000	100,000	100,000	100,000	100,000	500,000
Toters	65,000	65,000	65,000	65,000	65,000	325,000
Totals	\$628,700	\$672,260	\$350,300	\$615,400	\$590,500	2,857,160
Divided by 5 Average Cash Funded Annual Capital Equipment Replacements						5 \$571,432