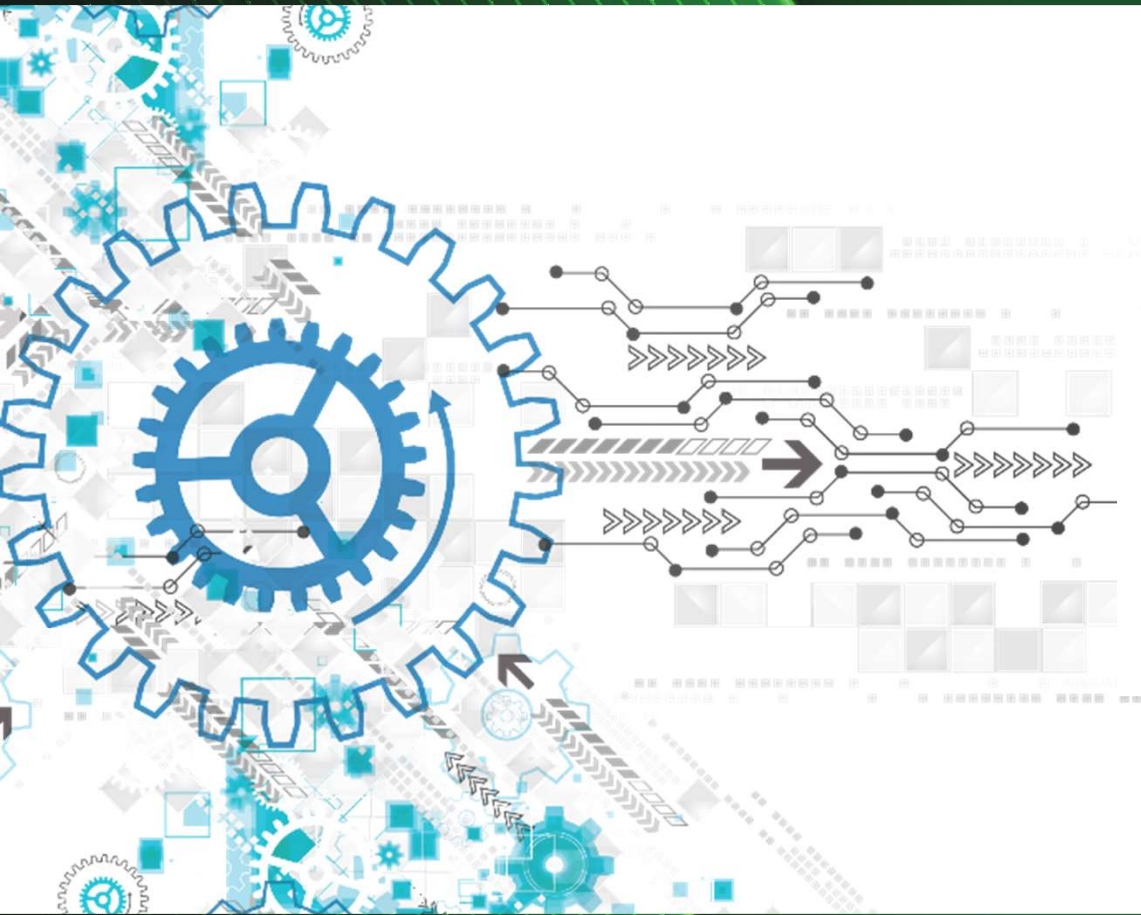




Valparaiso City Services

Public Works Division

Trash & Recycling Rate

Increase

2022

Presented to the Valparaiso City Council
August 22, 2022

Rate Increases Are Never Popular

What people don't understand they will not value

And what they don't value

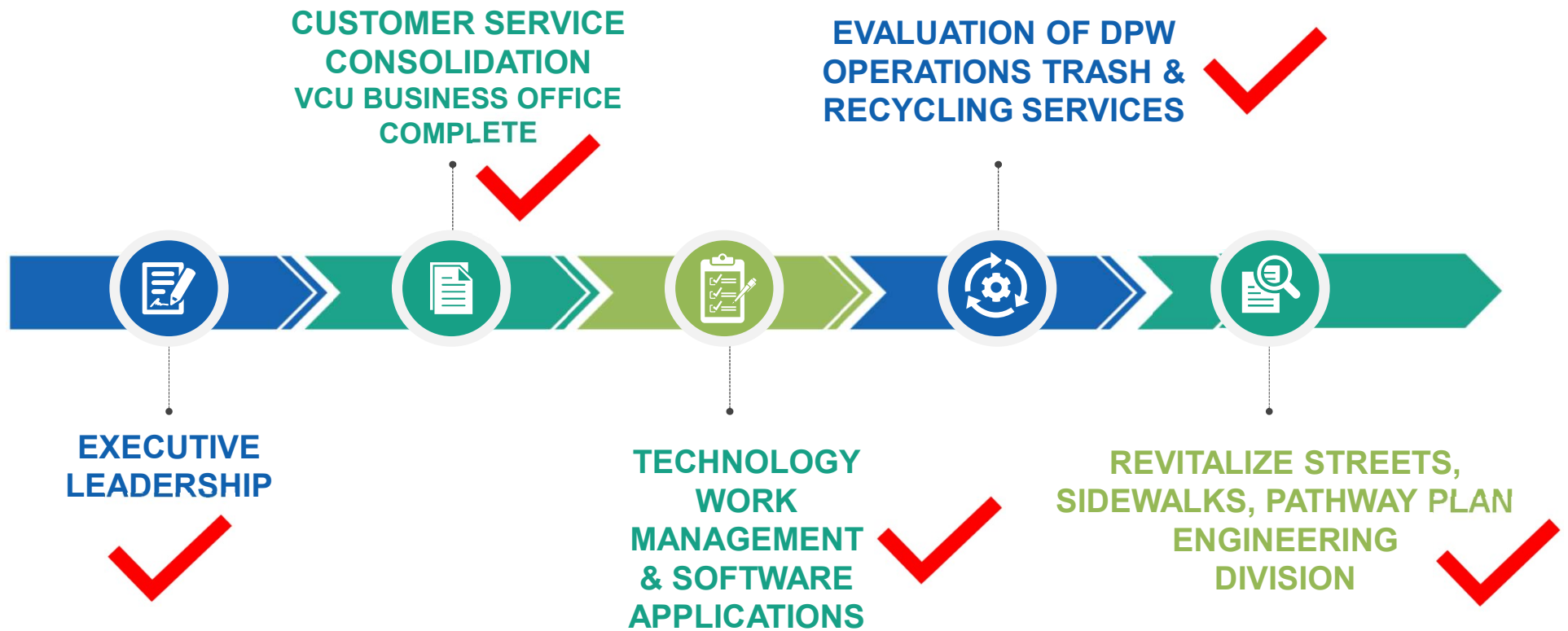
They will not support



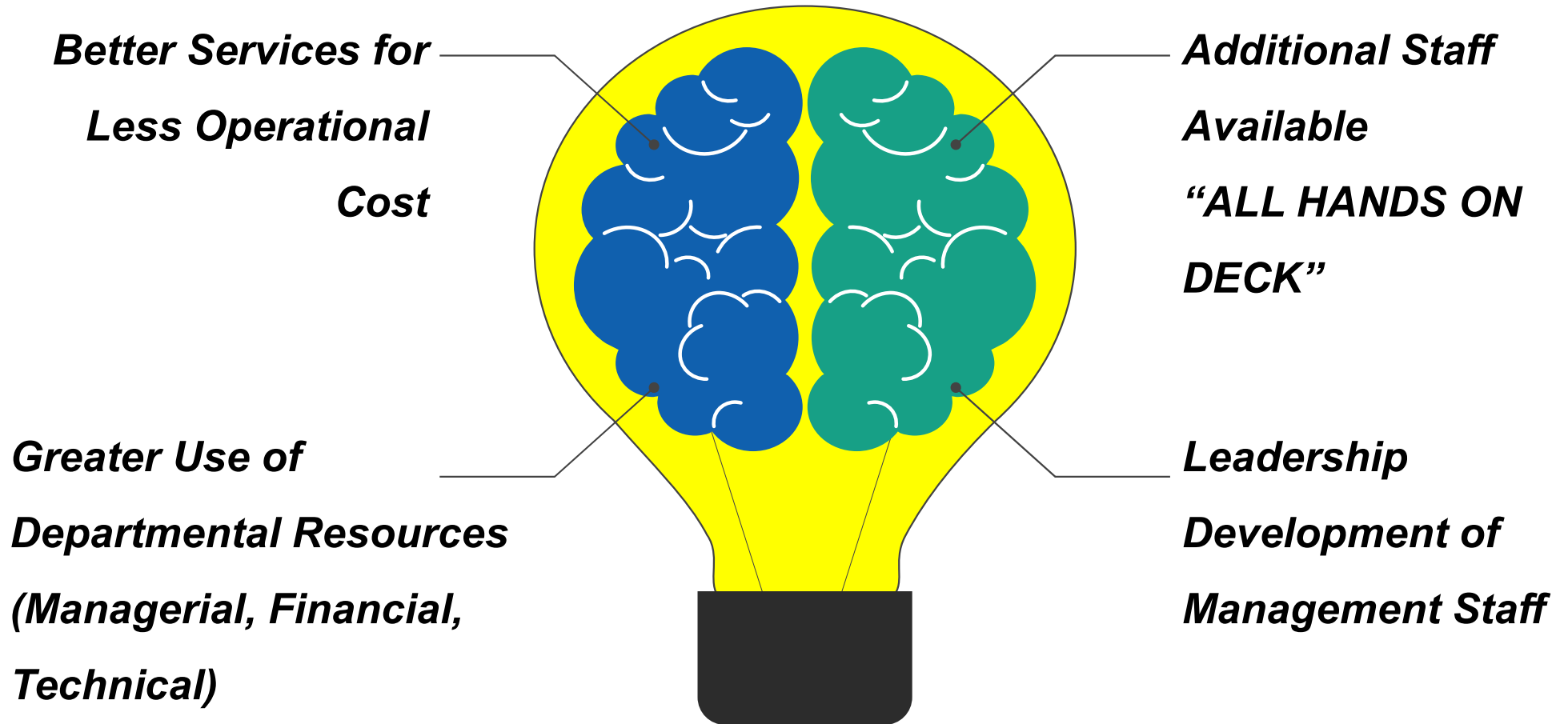
The Process - How Did We Get Here?

- 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)**

MERGING OF UTILITIES AND PUBLIC WORKS STRATEGIC PLAN VAPARAISO CITY SERVICES – PUBLIC WORKS AND UTILITIES



Ideas of Change By Consolidation



WHAT IS THE ISSUE?

- i. TRASH AND RECYCLING RATES HAVE NOT BEEN INCREASED SINCE 2012
- ii. CITY HAS GROWN ON A YEARLY BASIS
- iii. COST OF DOING BUSINESS INCREASES YEARLY
 - SALARIES/BENEFITS
 - FUEL
 - MACHINERY (CAPITAL IMPROVEMENT NEEDS)
 - MAINTENANCE COSTS
 - LANDFILL COSTS
 - MARKET VOLATILITY

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
- **96 Gallon Trash & Recycling Totes**– Provided to Customers at no charge.
- **Replacement Totes**
- **Alleyways** – Carts Serviced in Alleyways & Curbside for same account.



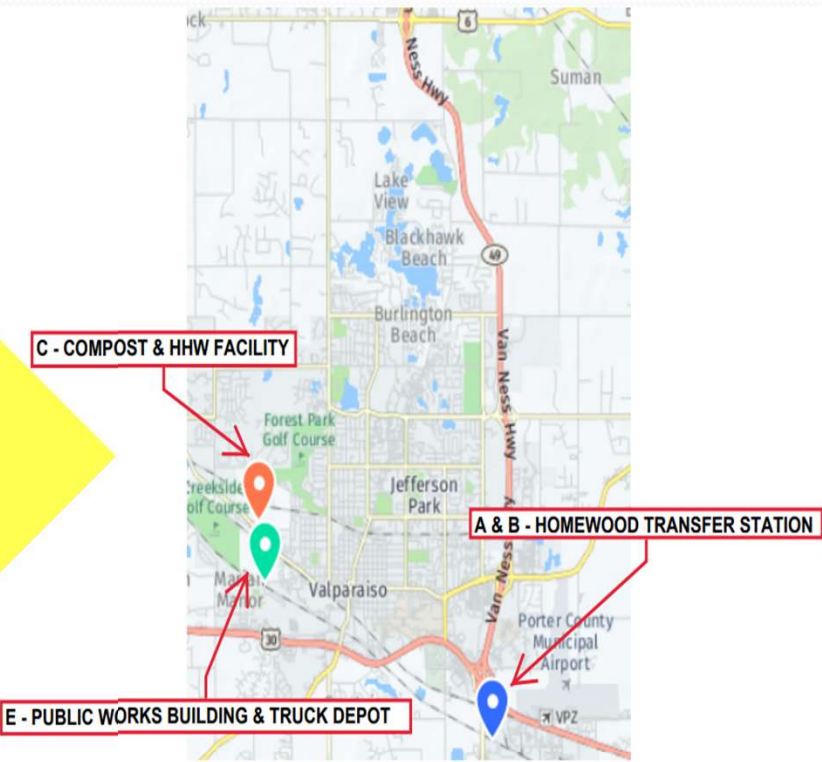
**SERVICE PROVIDER
FACILITIES**

PUBLIC
WORKS
DEPOT
1855 JOLIET

CITY WIDE
COLLECTION
15 SQ MILES

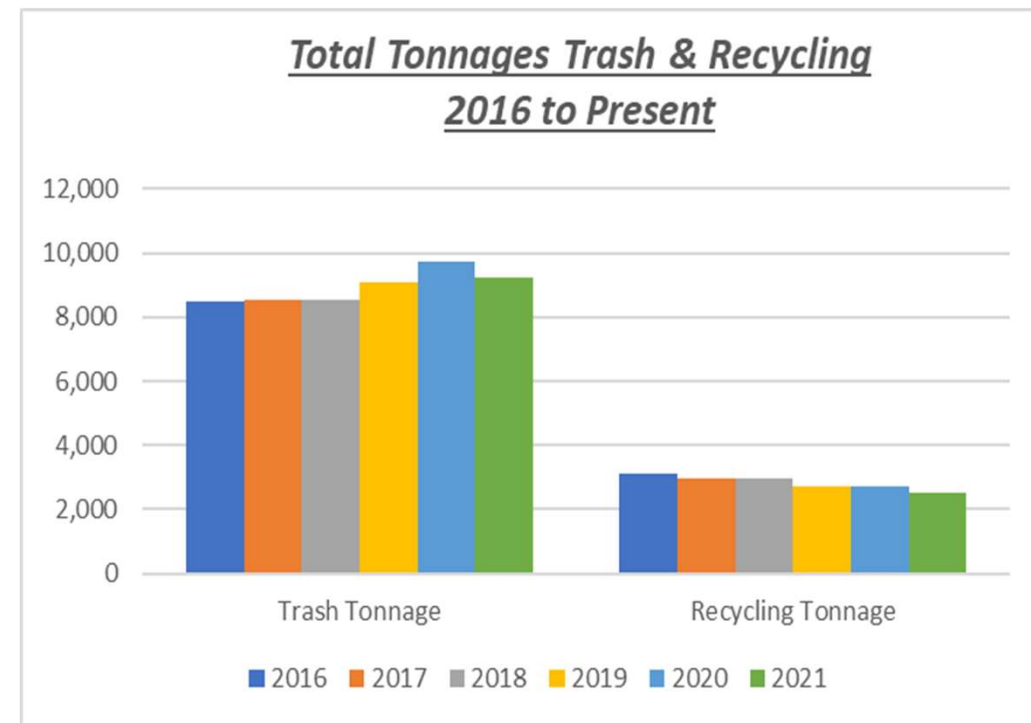
HOMEWOOD
TRANSFER
STATION
(STATE
ROAD 49)

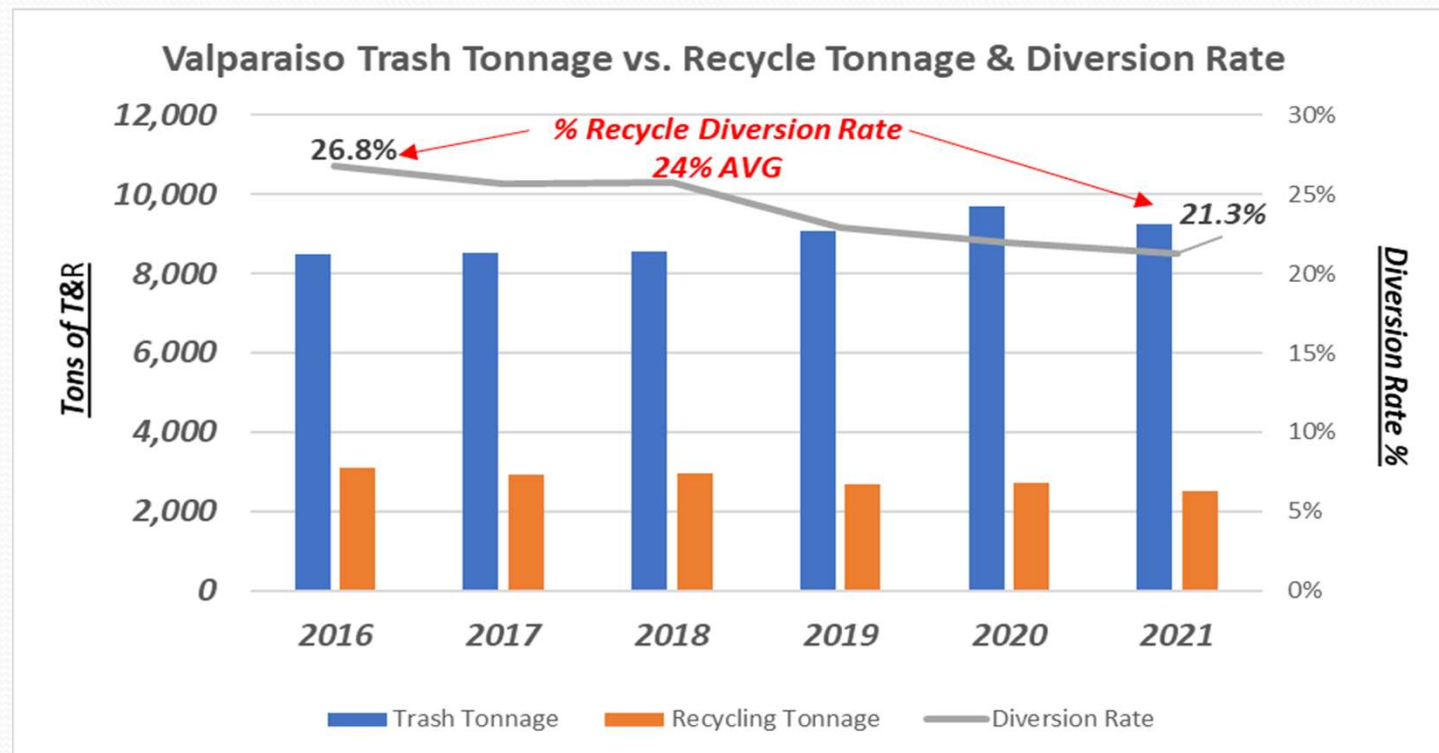
COMPOST
SITE
(HWY 130)



Tonnages Delivered and Processed

	Trash Tonnage	Recycling Tonnage	Total Tonnages
2016	8,493	3,109	11,602
2017	8,535	2,944	11,478
2018	8,542	2,963	11,505
2019	9,072	2,690	11,762
2020	9,708	2,731	12,439
2021	9,251	2,505	11,756



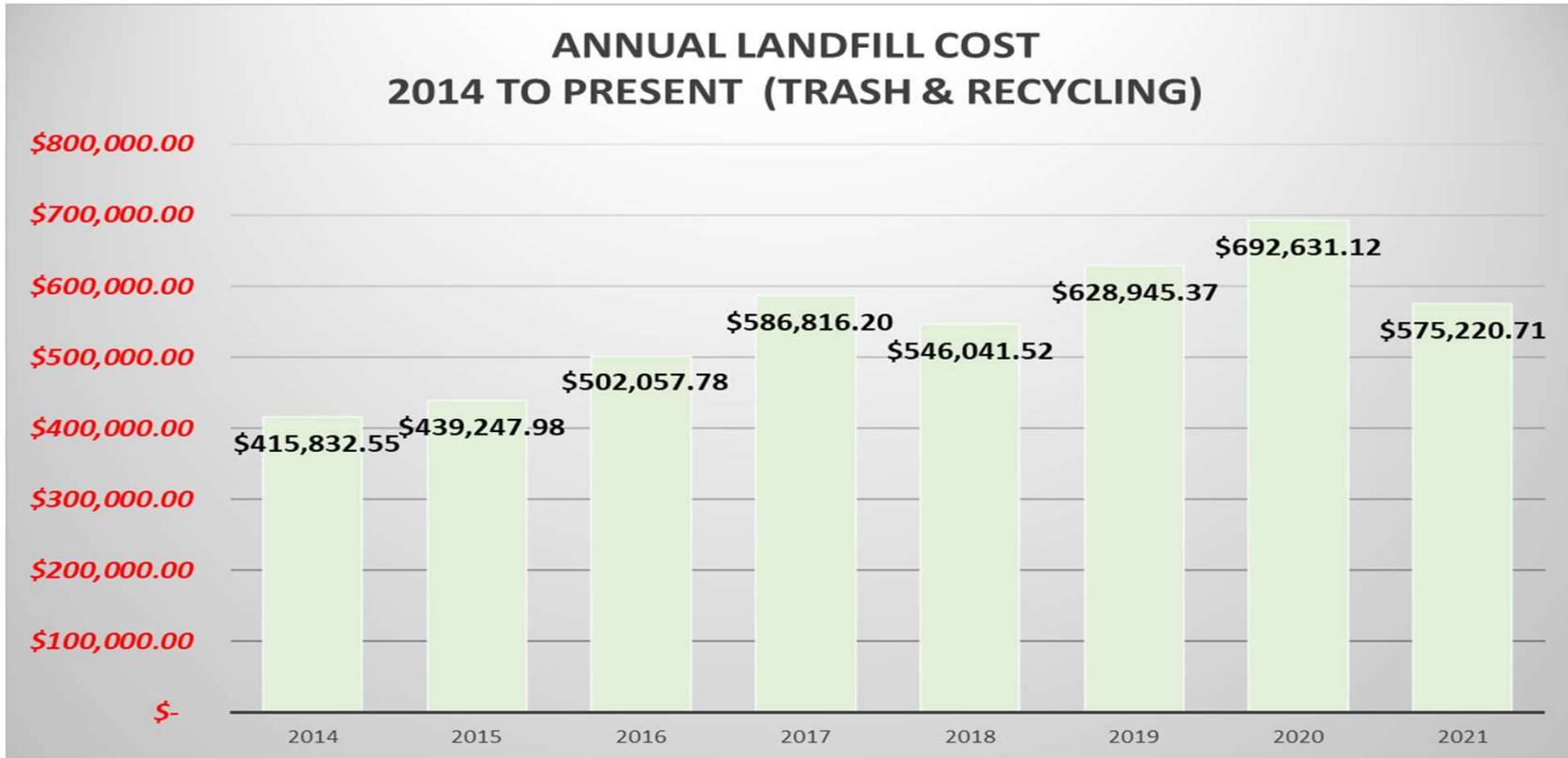


Indiana's waste and recycling infrastructure for municipal solid waste (MSW) collected approximately 8.8 million tons in 2019 with 76% being disposed of in landfills, 5% diverted to waste-to-energy, and **19% diverted through recycling**. This recycling rate falls below the **national rate of 32%** calculated by U.S. Environmental Protection Agency (U.S. EPA), and the state's goal of 50% (IC 13-20-25-1)

City Expansion = Customer Growth



▲ Landfill Costs



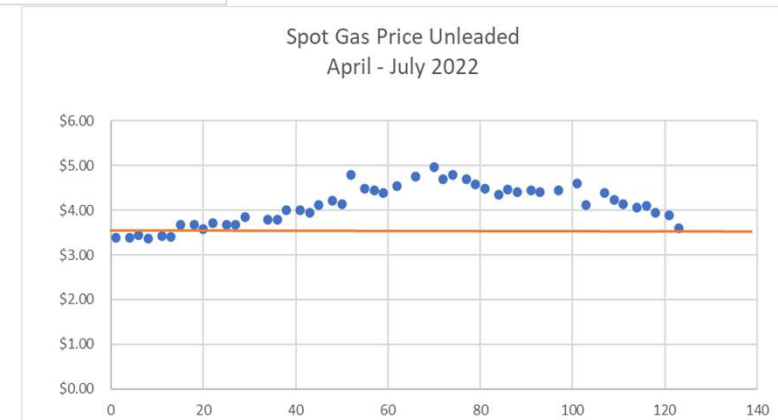
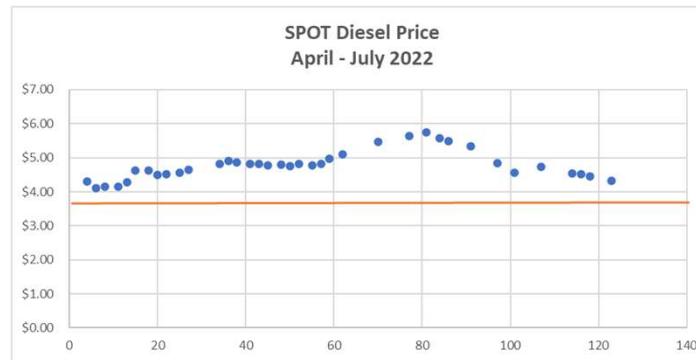
+39%
Over the past
7 years.

Fuel Prices

- City Usage 195,000 Gallons/Year
- Stable Fuel Prices Over the Years
- Price Volatility Started in 2021
- Potential Causes of Increase?
 - Keystone Pipeline
 - COVID 19 (Supply Chain)
 - War In Ukraine (Fear of Supply Disruption)

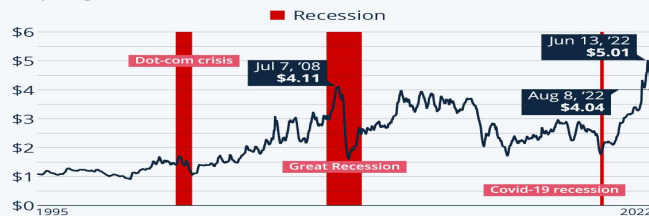
Fuel Savings April – July 2022

FUEL TYPE	AVERAGE PRICE	HIGH	Lock In	CURRENT SAVINGS
Unleaded	\$ 4.12	\$ 4.96	\$ 3.66	\$ 20,104.00
Diesel	\$ 4.77	\$ 5.74	\$ 3.88	\$ 27,240.00



Falling Gas Prices Offer Pain Relief at the Pump

Weekly average retail price of regular gasoline in the U.S. (per gallon, incl. taxes)*



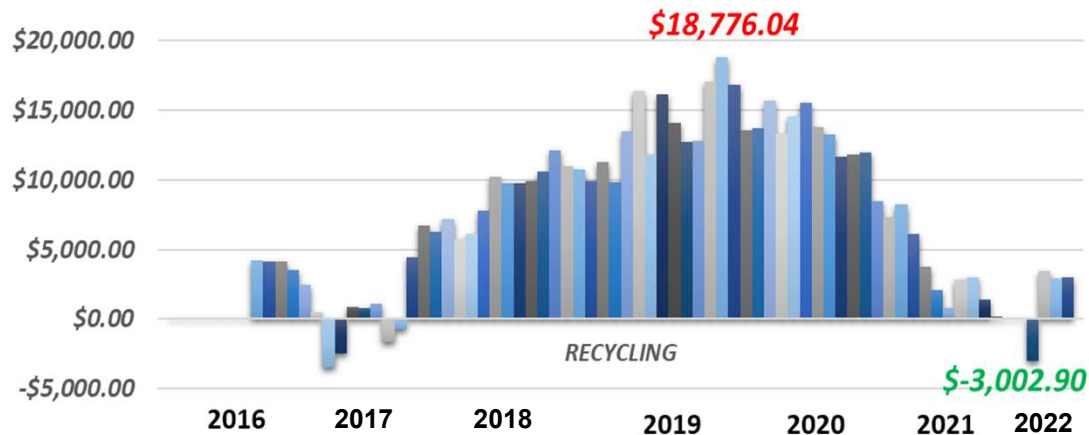
* weighted average based on prices collected each Monday from a sample of approximately 1,000 gas stations
Source: EIA

statista

OTHER DRIVERS?

- **China's "National Sword" Policy** has depressed global recycled materials commodity markets; Worst appears fall of 2018 -2020.
- Market adjustment as of July 2021.

VALPARAISO RECYCLING CHARGES & CREDITS
2016 TO PRESENT



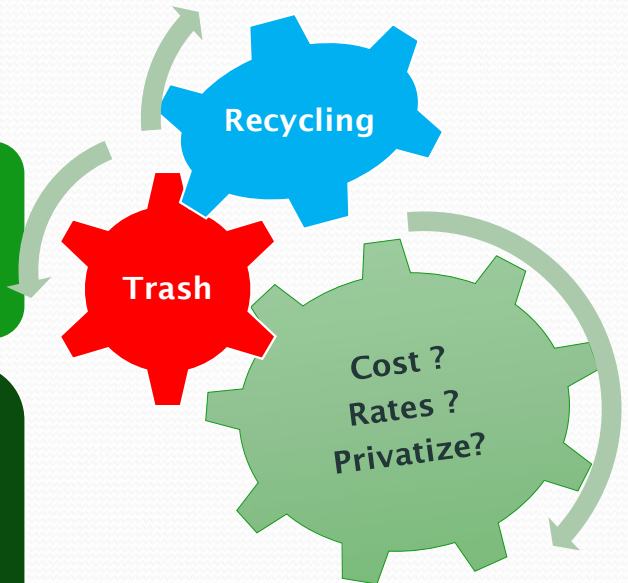
Recycle Market is Unpredictable



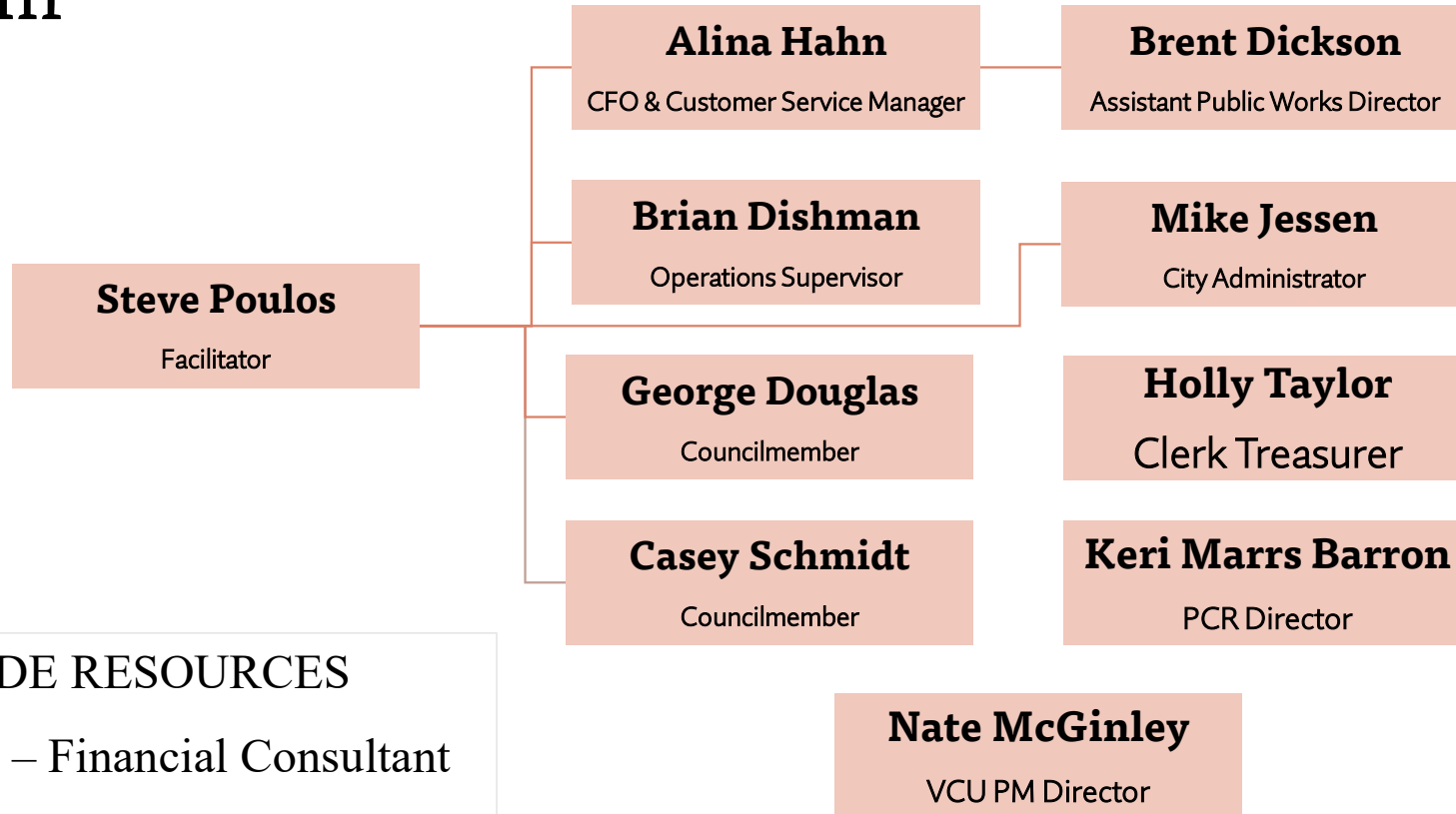
Formation of a Committee

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



The Team



OUTSIDE RESOURCES

- ✓ Baker Tilly – Financial Consultant
- ✓ Strategic 1 Services
- ✓ Other Neighboring Communities

CHALLENGES and MAIN QUESTIONS



Market trends
(Inflation) will
continue rising based
on Labor, Fuel,
Disposal Costs &
Volatile Recycling
Market



Is Valparaiso City
Services Trash &
Recycling Program
& Rates
Competitive?

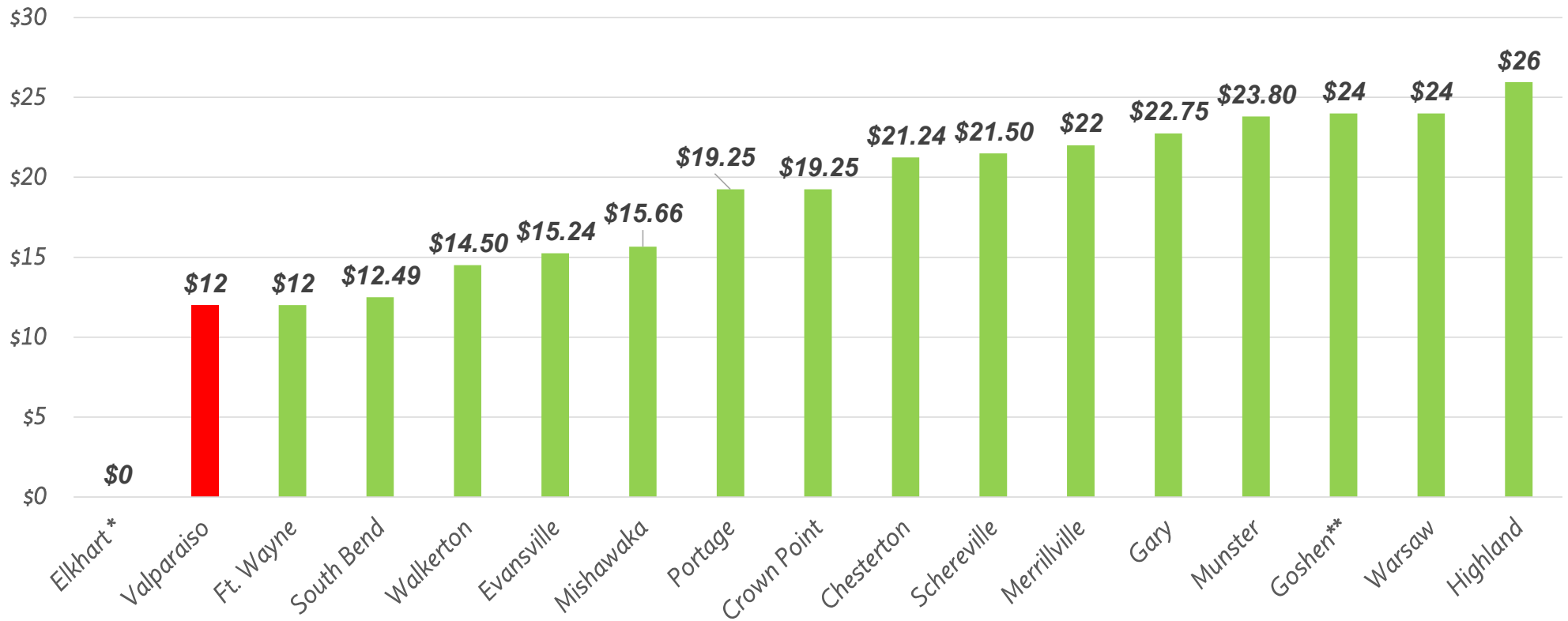


Analyze Trash and
Recycling Program
and Internal
Operations
Are We Efficient?

HISTORY OF RATES

- **Purpose:**
 - Trash & Recycling funded by General Fund.
 - Need to have program stand alone through user fees.
 - Rates Introduced in 2008 at \$9
- **Increased in 2012 at \$12**
 - Offset costs in the General Fund for T&R Operations

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



Financials



Pro Forma Annual Cash Operating Disbursements

	Calendar Year 2020	Adjustments	Pro Forma 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	<u>\$1,486,010</u>	<u>\$350,918</u>	<u>\$1,836,928</u>

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

Capital Equipment Replacement Schedule

	Estimated Project Year					Totals
	2022	2023	2024	2025	2026	
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	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>325,000</u>
Totals	<u>\$628,700</u>	<u>\$672,260</u>	<u>\$350,300</u>	<u>\$615,400</u>	<u>\$590,500</u>	2,857,160
Divided by 5						5
Average Cash Funded Annual Capital Equipment Replacements						<u>\$571,432</u>

Proforma Annual Revenue Requirements

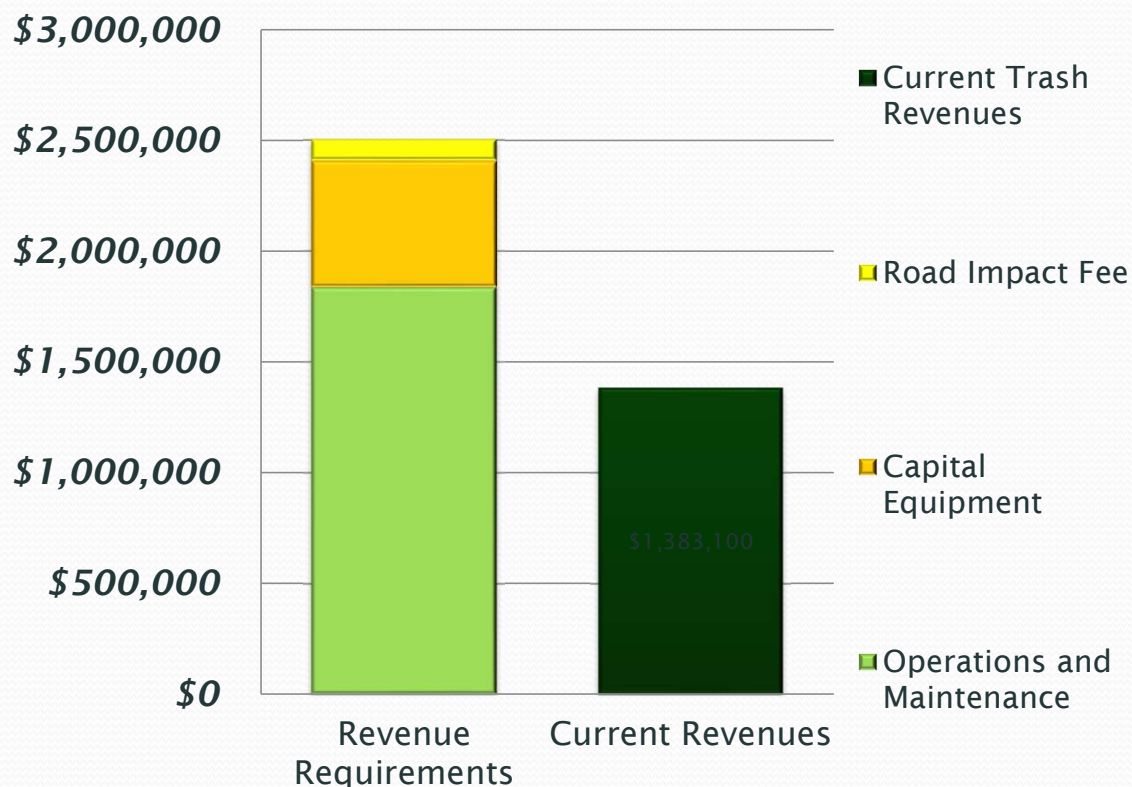
Revenue Requirements:

Operation & Maintenance Disbursements	\$1,836,900
Capital Replacement	571,400
Road Impact Cost	<u>94,200</u>
Total Annual Revenue Requirements	<u>\$2,502,500</u>

Annual Revenues

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

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

Privatization?

Talking Trash?

The pros and cons of privatizing waste management

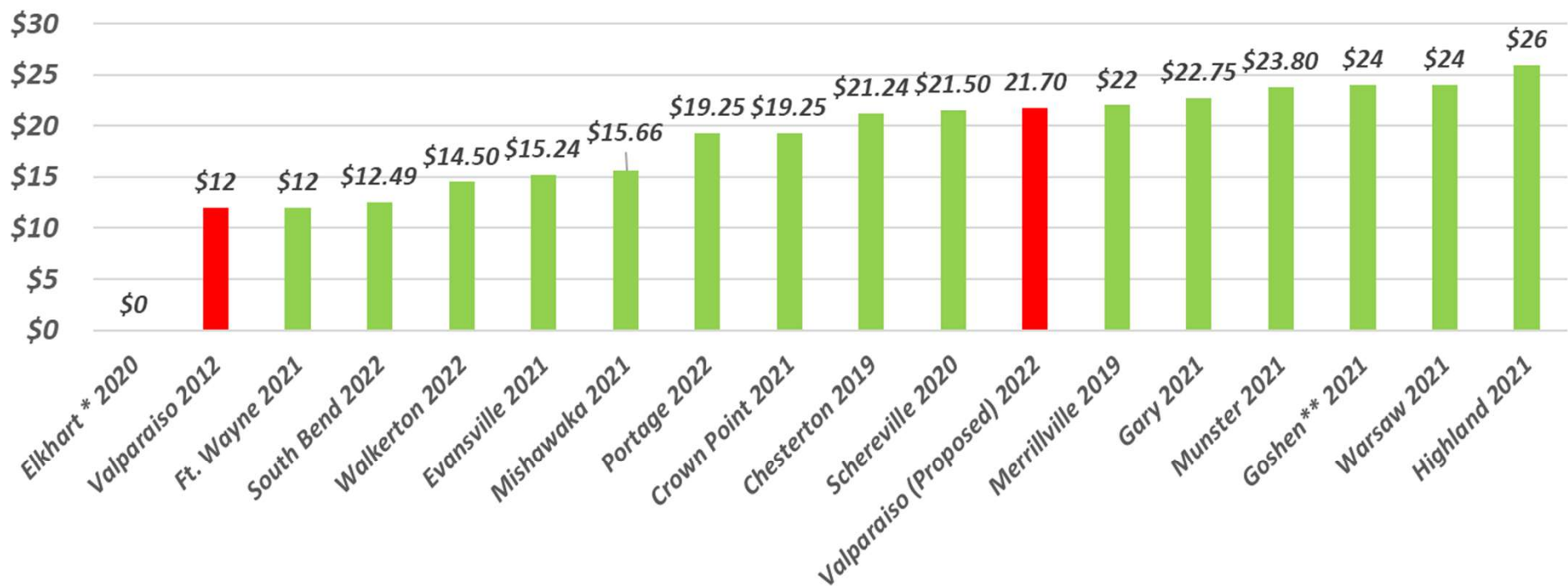
1. Continued level of service and **Rate Control**
2. Impacts to Public Employment
3. Impacts to Waste reduction and Recycling goals
4. Community Pride and Public perception
5. Organizational Values
6. Ability to respond to technological, regulatory, and socio-economic changes.

NEIGHBORING & OTHER COMMUNITIES				
	<i>In-House Operation</i>	<i>Private Service</i>	<i>Do they Recycle?</i>	<i>How often is Recycling Done?</i>
<i>Chesterton</i>		x	Y	Every other week
<i>Portage</i>	x		Y	Every week
<i>Crown Point</i>		x	Y	Every week
<i>Highland</i>		x	Y	Every other week
<i>Merrillville</i>		x	Y	Every other week
<i>Scherville</i>		x	Y	Every other week
<i>Gary</i>		x	Y	Every other week
<i>Munster</i>		x	Y	Every other week
<i>Valparaiso</i>	x	x	Y	Every Week
<i>Elkhart</i>		x	Y**	Every week
<i>South Bend</i>		x	Y	Every other week
<i>Goshen</i>		x	\$6*	Every other week
<i>Warsaw</i>		x	Y	Every other week
<i>Evansville</i>		x	Y	Every other week
<i>Walkerton</i>		x	Y	Every other week
<i>Ft. Wayne</i>		x	Y	Every other week
<i>Mishawaka</i>		x	Y	Every week

*Recycling is optional at additional cost through private hauler

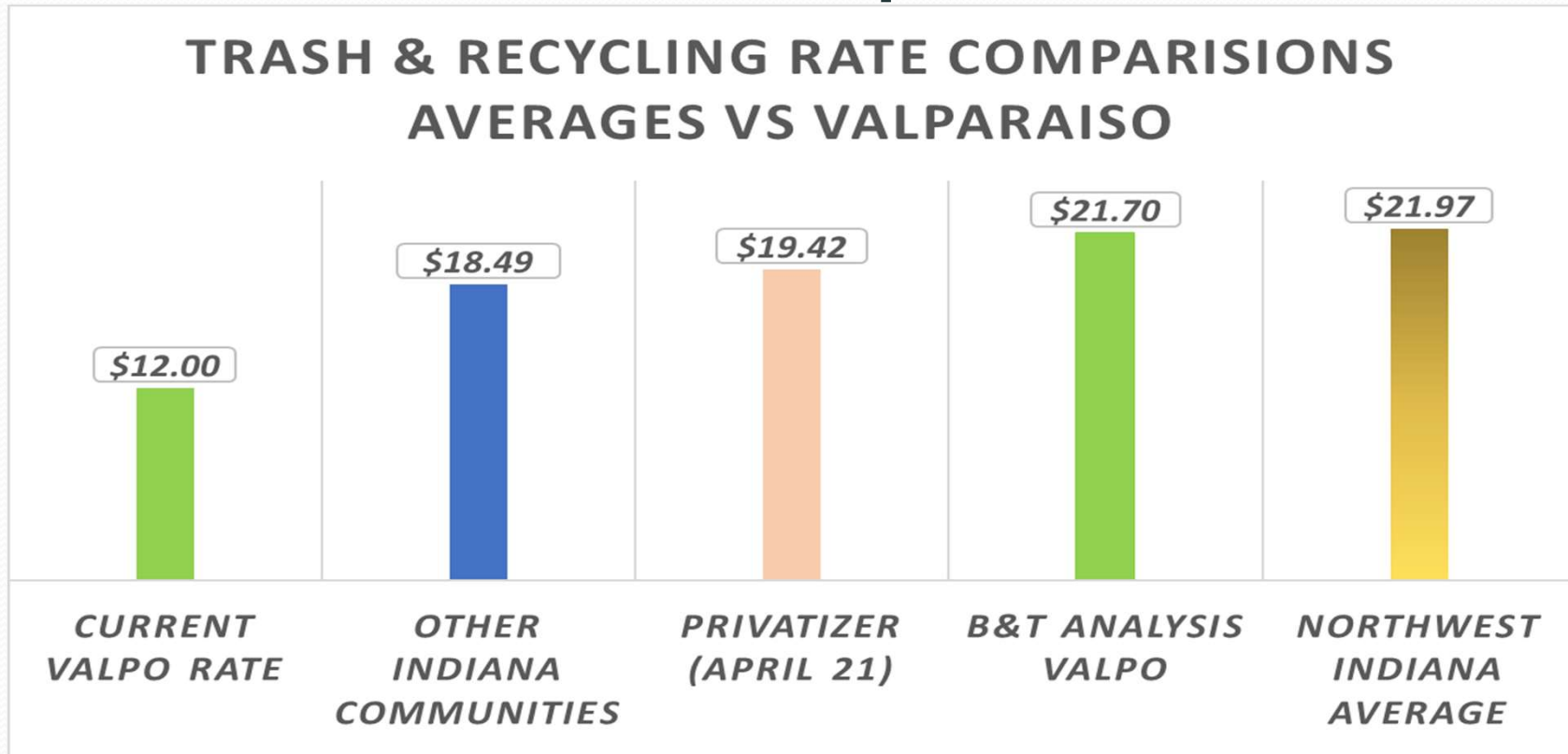
**No cost; paid by taxes

Monthly Trash & Recycling Rate Comparison Neighboring Communities & Dates of Increases



Are We Competitive?

TRASH & RECYCLING RATE COMPARISONS AVERAGES VS VALPARAISO



Internal Operational Assessment of Trash & Recycling Strategic 1 Services

Overview: Collection Efficiency Review

Independent review to provide an overall assessment of the City's Public Works Division's Solid Waste Division

GOAL:

- Identify opportunities for improved efficiency and effectiveness in Division's operations

Services provided by Division:

1. Residential Refuse Collection
2. Residential Recycle Collection
3. Business Collection
4. Bulk Item Collection
5. Brush Pickup

Strategic 1, City Consultant:

- Reviewed relevant key data.
- On-site observations.
- Meetings with staff.
- Produce Findings Report

Internal Opportunities for Cost Savings \$\$

1. Switch to Every Other Week Recycling

- Based on cart fullness and setout precents.
- Well planned education program necessary.
- **Savings:**
 - Service half of City one week and half the next (alternating weeks).
 - Save vehicle operating costs, labor and fuel.
- Some diligent recycle residents may need an additional cart. Should be small percentage.

Findings

Recycle carts and setout percents were observed. Sample of setouts <83% and carts half full.

Recommendations

Move from a weekly schedule of servicing recycle collection to an every-other-week collection service.

Annual Impact

\$ 237,400



Business Collection Findings

Business Collection



- Serviced throughout the week and Friday only businesses are collected (56 stops, 1 truck).
- Businesses that do not pay for refuse had recycle carts, some multiple.
 - Number of carts: from one to 11 carts per business.
 - Days collected: from 1 to 5 times per week.

Internal Opportunities for Cost Savings \$\$

2. Recycling to Businesses ??

- City collects free of charge and incurs labor, vehicle operating costs, fuel, plus processing and transportation costs.
- Service is available from private sector haulers.
- Requires ordinance update.
- Costs of servicing Mon-Thurs is not included in annual impact.
- Establishments within the City

Findings	Recommendations	Annual Impact
Recycling carts serviced by SWD for free of charge	Eliminate providing free recycle collection for business and have them receive this service from the private sector haulers	\$ 48,300



Other Recommendations



Review of Solid Waste Rates

- Industry best practice is to periodically review rates and charges for work performed by the City.
- Ensure that landfill disposal and MRF processing increases are incorporated.

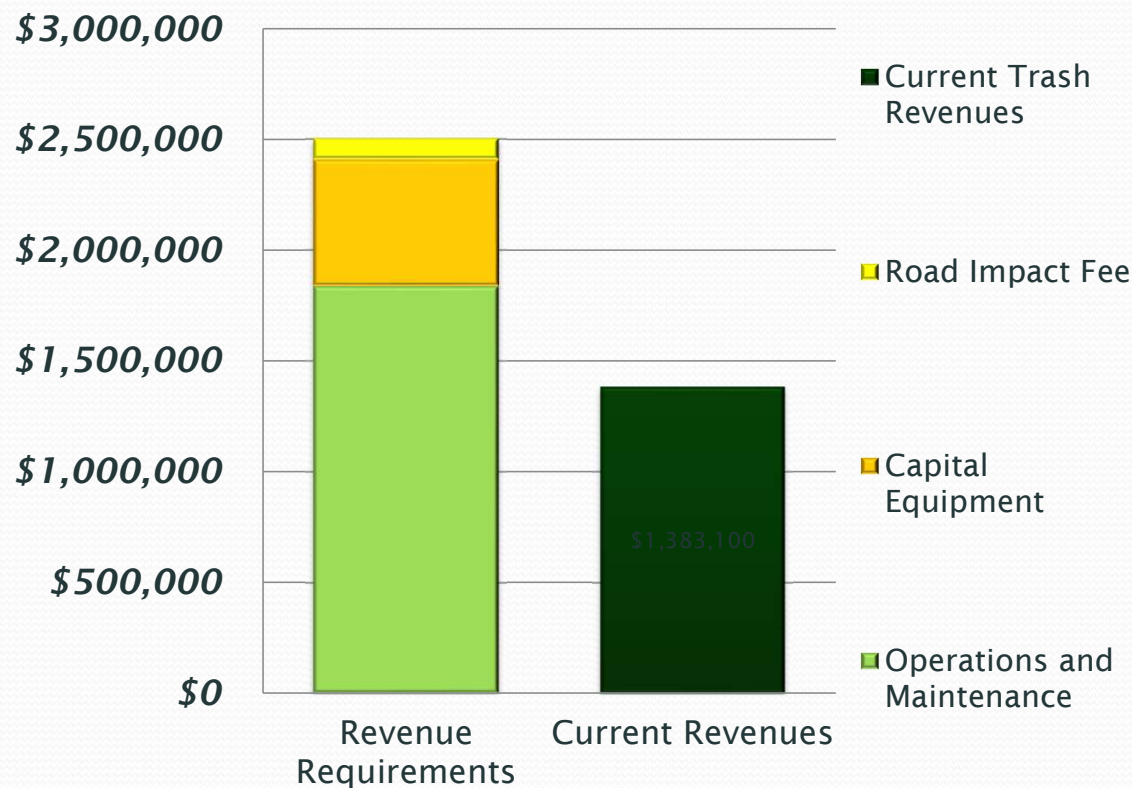


Public Education: Increasing Recyclable Material Quality and Communicating Changes

- Reduce contamination:
 - Educate residents of proper material to place in their cart.
 - Educate residents to break down boxes and not to bag their recyclables.
- Implementation of recommendations are reachable targets with a robust and sustained program.



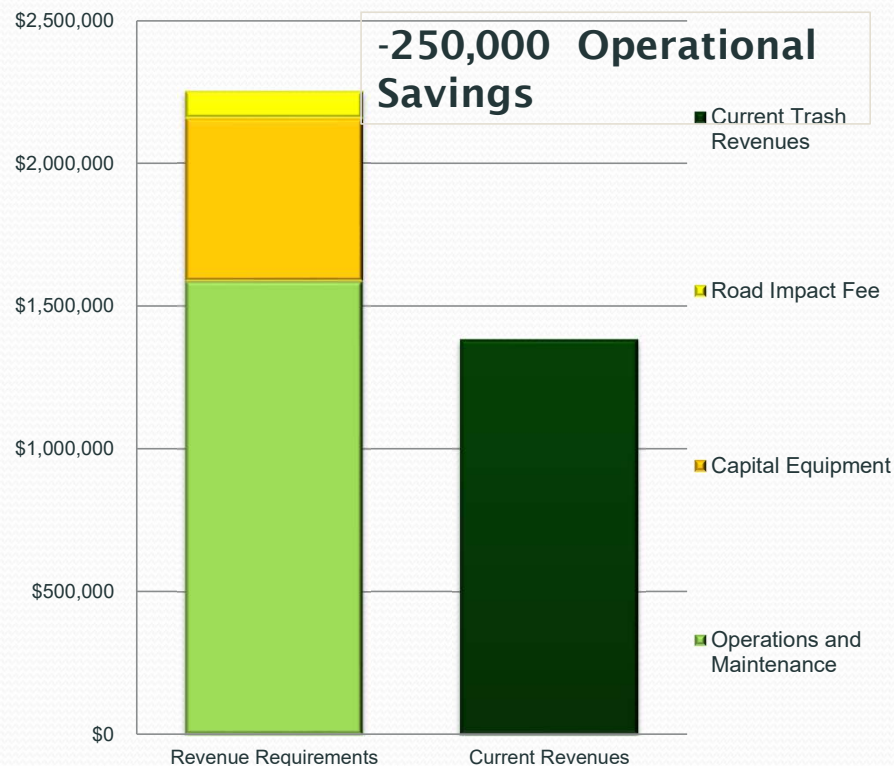
Revenue / Revenue Requirement Comparison



Total Revenue Requirement Change - 81%

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

Revenue / Revenue Requirement Comparison -
Current

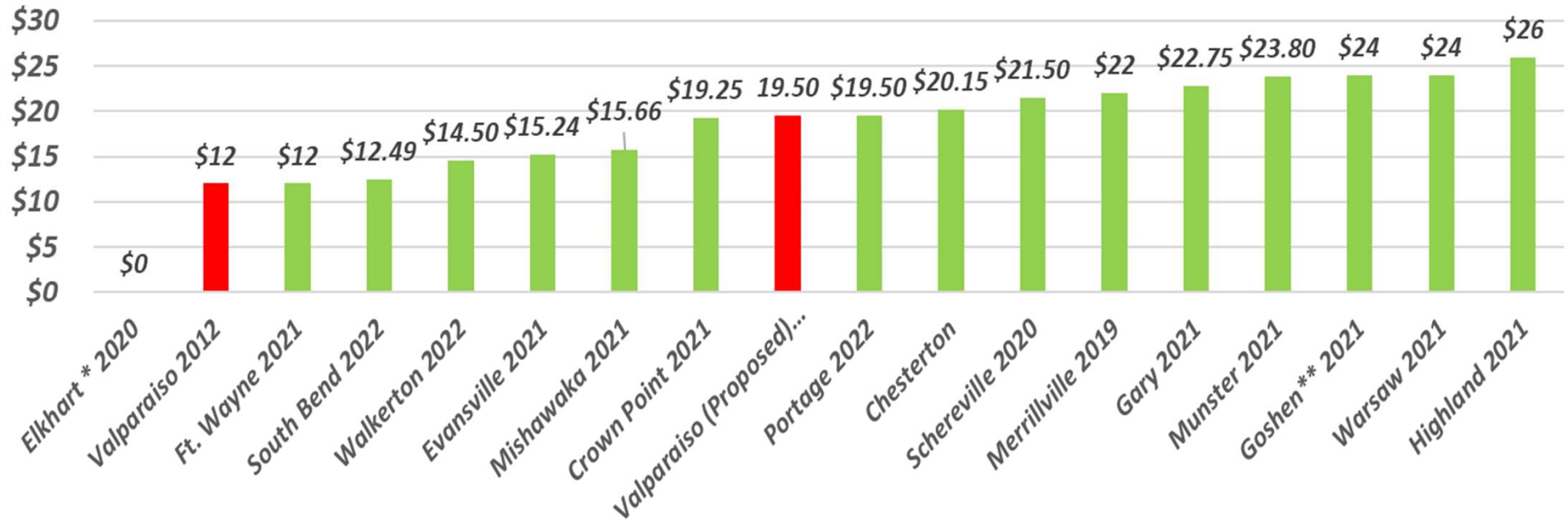


Total Revenue Requirement Change – 63%

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

Monthly Trash & Recycling Rate Comparison Neighboring Communities Based on *Future Efficiencies*

\$19.50 versus \$21.70 per month



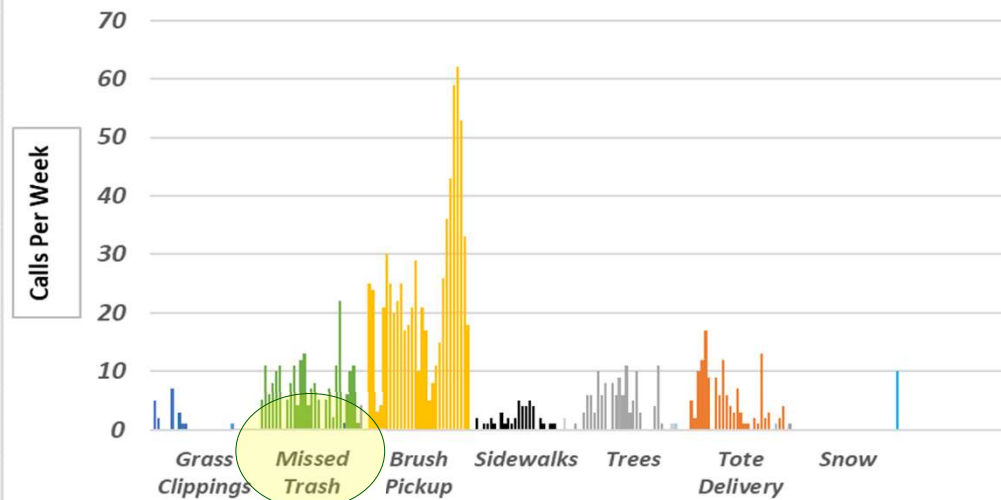
Key Takeaways from the Committee

- 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**

Valparaiso Provides a High Level of Service

Statistics

Customer Service Center
Tracked Public Works Calls
June - December 2021 - Weekly Totals



- Average of 7.7 Missed Totes Per Week
- Highest Week - 20 Totes
- Total Amount of Accounts 9923
- **99.9% Collection Rate**

Schedule

CITY OF VALPARAISO REFUSE AND RECYCLING FEE SCHEDULE

	<u>Current Rate</u>	<u>Proposed Rate</u>
<u>Standard Monthly Fees</u>		
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
<u>Miscellaneous Fees</u>		
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
* <i>At the discretion of the Board of Works and Safety. A minimum fine of \$500 up to the maximum as allowable by State Law</i>		

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 \$41,625**
 - **5 Person \$48,705**
 - **6 Person \$55,785**
- Application must be received by April 15th 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.

Main Recommendations :

- 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 62% increase over existing revenues for the Division and properly fund current operations.**
- 2. Implementation of efficiency improvements to the Division's current operations.**
 - ✓ **Recycling Every Other Week**
 - ✓ **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**

FINANCIAL WINS FOR THE CITY IN THE LAST 20 MONTHS

1. Elimination of 1 Department Head - \$90,000-\$100,000 per year in salary and benefits
2. Trash Tote Audit - \$7,000 per year in Additional Revenue
3. Purchase of Salt In Bulk in 2021 at reduced cost - \$102,000
4. Lock in Fuel Contract Reduced Rates - \$47,000 (April 2022 to July 2022)
5. Solar Panel Installation – \$130,000 Estimated (Not included Future Nipsco Credits)

Realized Yearly Operational Savings: **\$107,000/year**

Realized Savings in Materials & Fuel 2021 & 2022: **\$149,000**

Non- Realized Estimated Operational Energy Savings: **\$130,000/year** (not including Nipsco credits)

QUESTIONS?