

City of
Gainesville

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City of Gainesville Public Works

**Solid Waste
& Fee Option Update**
December 12, 2024

Background

August 8, 2024 General Policy Meeting

- Staff provided an update on the Zero Waste Ordinance implementation, Pay As You Throw Program, the Solid Waste Fund Transfer, the Invitation to Negotiate Status and Solid Waste Costs & Fees
- Staff recommended increasing cart rates by 25% and increasing the franchise fee from 10% to 15%.
- City Commission directed staff to complete a cart size reduction campaign, increase the franchise fee to 15% and to return with alternative funding options.

General Updates

Department & Ordinance Initiatives

- Downtown Trash Service
 - Lot 4 Enclosure (SE 3rd St – Adjacent to Federal Courthouse)
 - Lot 13 Enclosure (SW 1st St at University Ave)
- Multi-Family Re-use Plans
 - Ordinance required plans for properties with 200+ units in July 2023 and requires plans for properties with 50+ units January 2025
 - Continued education outreach
 - Seeking grants for warehouse
- Food Waste
 - Ordinance required collection for commercial locations with more than one cubic yard of food waste in June 2023 and for multi-family properties in June 2024.
 - Enforcement has been on hold due to lack of private infrastructure
 - Education outreach to commence January 2025; re-evaluate private infrastructure capacity & enforcement in July 2025

Agenda



Pay As You Throw
Campaign



Waste Hauler
Invitation to
Negotiate



Services, Cost &
Proposed Fees



Staff
Recommendations



Pay As You Throw Campaign

Garbage Cart Tipping Analysis

Pay As You Throw

- Typical education schedule: Annual mailers, new move-in mailers, and bi-annual social media posts
- Encourages recycling; decrease tonnage to landfill
- Opportunity for neighbors to control waste costs
- Proportional pricing
- Four cart sizes offered



Total Residential Carts	4,436	11,691	8,049	3,965
	16%	42%	29%	14%

Garbage Cart Tipping Analysis

Pay As You Throw

- 8/8 Direction to complete an off-cycle campaign
- 11/4/2024, a mailer was sent to all large and medium cart neighbors
- As of 11/20/2024, 128 neighbors requested downsizing and 22 neighbors requested upsizing (less than 1% of neighbors)



Total Residential Carts	4,436	11,691	8,049	3,965
	16%	42%	29%	14%



Services, Costs and Fees

Services, Costs and Proposed Fees



Services

- Residential Curbside Collection: Waste, Recycling, Yard and Bulk Pick-up
- Litter Control/Pick-up; Public Trash Receptacle Pick-up & Maintenance
- Solid Waste Ordinance Inspections and Enforcement
- City Surplus Operations/Landfill Diversion
- Customer Service Team and Public Outreach & Education (composting events, school & special interest group presentations and Adopt-a-Street Program)
- Food Waste Collection
- Pavement Management due to damage from trash vehicles

Services, Costs and Proposed Fees

Inflationary Costs

Year	BLS CPI	Curbside Collection Cost	County Disposal Cost	County Recycling Cost
FY19	4.5%	\$4,549,518/Year	\$48 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY20	2.9%	\$4,800,000/Year	\$48 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY21	3.5%	\$4,800,000/Year	\$52 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY22	5.3%	\$4,950,000/Year	\$52 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY23	5.8%	\$6,000,000/Year	\$57 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY24	6.5%	\$6,600,000/Year	\$57 Per Ton	Sliding Scale (\$35) - \$50 Per Ton
FY25	4.0%	\$6,864,000/Year	\$65 Per Ton	Sliding Scale (\$35) - \$125 Per Ton

- Bureau of Labor Statics CPI for Garbage/Trash Collection – October 12-month % change
- Recycling sliding scale is based on the market value for blended average sold from MRF

Services, Costs and Proposed Fees

Inflationary Costs

- Contract curbside collection has increased 50% from 2019 which equates to an inflationary cost increase of \$2,314,482 through the FY 2025 period
- Alachua County tipping fees for garbage disposal have increased 35% from 2019 which equates to an increase of \$358,870 through the FY 2025 period
- Alachua County recycling fees have changed and are estimated to cost the City \$300,000 more for FY 25 which is a 305% increase since FY 2019
- Total annual cost increase since 2019 totals \$2,973,352

Services, Costs and Proposed Fees



Inflationary Cost – Pavement Damage

- Engineering calculation utilized to estimate the proportionate share of trash & recycling truck damage to roadways; construction costs have increased over time.
- Original 1992 calculation resulted in \$840,000 maximum transfer
- Updated 2011 calculation resulted in a \$1,730,000 maximum transfer
- Updated 2024 calculation results in a \$4,880,000 maximum transfer
- Transfer has averaged approximately \$1,200,000 since 2011
- Based on current pavement backlog, \$5,400,000 - \$7,200,000 should be allocated annually across all funding sources for pavement management.

Services, Costs and Proposed Fees

Items Impacting Inflationary Costs

- Labor market and labor rates
- Vehicle Cost – Upfront and maintenance
- Fuel Costs
- Reduction in recycling revenues
- Material Costs

Services, Costs and Proposed Fees



Current Budget & Fund Balance

End of FY23 Fund Balance: \$6.7 M

Year	Revenues	Expenses	Transfer to Roadways	Fund Balance
FY24 Modified	\$11,400,277	\$13,327,029	\$232,000	\$(2,158,752)
FY25 Adopted	\$12,895,662	\$14,548,019	\$2,000,000	\$(3,652,357)

● Fund balance is utilized for capital expenditures related to solid waste or for emergency response debris

End of FY25 Fund Balance: \$0.9 M

- Target fund balance:
 - 3 months of annual budget less one-time expenses: \$3,200,000
 - Significant emergency response: \$8,000,000

Services, Costs and Proposed Fees

Options to Balance Budget

- Increase cart fees
- Restructure cart fees: Reduce cart size options and/or flat cart rates
- Increase franchise fees
- Restructure franchise fees

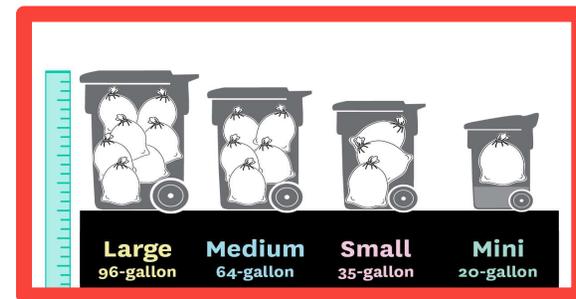
Fee Definitions

- Cart rates are a charge for services for residential curbside garbage, recycling, yard and bulk waste pick-up
- Franchise fees are based on gross revenues of each hauler, are collected per ordinance and authorizes haulers to provide solid waste collection in the City Limits. Fees support all Solid Waste Services.

Services, Costs and Proposed Fees

Cart Rate Fee Adjustment

- Necessary for this Fiscal Year
- 5% Increase equates to \$506,000 annually
- Recommend 20% increase or \$2,024,000 annually



	Large 96-gallon	Medium 64-gallon	Small 35-gallon	Mini 20-gallon
Current	\$40.75	\$32.75	\$26.50	\$20.50
5%	\$42.79	\$34.39	\$27.83	\$21.53
10%	\$44.83	\$36.03	\$29.15	\$22.55
15%	\$46.86	\$37.66	\$30.48	\$23.58
Recommended 20%	\$48.90	\$39.30	\$31.80	\$24.60
25%	\$50.94	\$40.94	\$33.13	\$25.63

Services, Costs and Proposed Fees



Cart Rate Fee Adjustment - Fund Balance

- Assuming an effective date of April 1, 2025; conservative date (requires 2 Ordinance readings and billing adjustments)

End of FY23 Fund Balance: \$6.7 M

Year	Revenues	Expenses	Transfer to Roadways	Fund Balance
FY24 Modified	\$11,400,277	\$13,327,029	\$232,000	\$(2,158,752)
FY25 Adopted	\$12,895,662	\$14,548,019	\$2,000,000	\$(3,652,357)
FY25 - 10%	\$13,401,662	\$14,548,019	\$2,000,000	\$(3,146,357)
FY25 - 15%	\$13,654,662	\$14,548,019	\$2,000,000	\$(2,893,357)
FY25 - 20%	\$13,907,662	\$14,548,019	\$2,000,000	\$(2,640,357)
FY25 - 25%	\$14,160,662	\$14,548,019	\$2,000,000	\$(2,387,357)

Services, Costs and Proposed Fees



Cart Rate Fee Adjustment - Fund Balance

- Assuming an effective date of April 1, 2025; conservative date (requires 2 Ordinance readings and billing adjustments)
- FY26 assumes 5% bi-annual increase in fees and 4% inflation less one time costs

End of FY23 Fund Balance: \$6.7 M

Year	Revenues	Expenses	Transfer to Roadways	Fund Balance
FY24 Modified	\$11,400,277	\$13,327,029	\$232,000	\$(2,158,752)
FY25 Adopted	\$12,895,662	\$14,548,019	\$2,000,000	\$(3,652,357)
FY25 - 20%	\$13,907,662	\$14,548,019	\$2,000,000	\$(2,640,357)
FY26 Assumed	\$14,413,662	\$13,950,000	\$2,000,000	\$(1,536,338)

Services, Costs and Proposed Fees

Cart Rate Fee Restructure

- Implement flat rates
- Reduce cart options would likely reduce contract hauler costs
- Eliminates pay as you throw; not recommended



	Large 96-gallon	Medium 64-gallon	Small 35-gallon	Mini 20-gallon
Current	\$40.75	\$32.75	\$26.50	\$20.50
Flat Option 1	\$40.75	\$40.75	\$40.75	\$40.75
Flat Option 2	\$45.00	\$45.00	\$45.00	\$45.00
Recommended: 25%	\$50.94	\$40.94	\$33.13	\$25.63

Scenario	Additional Revenue FY25	FY25 Diff from 25% Increase	Additional Revenue FY26	FY26 Diff from 25% Increase
Flat Option 1	\$1,711,189	\$699,189	\$4,238,280	\$1,708,280
Flat Option 2	\$2,425,189	\$1,413,189	\$5,737,680	\$3,207,680
20% Increase	\$1,012,000	N/A	\$2,530,000	N/A

FY25 assumes 4/1/25 effective date; FY26 assumes 5% bi-annual increase

Services, Costs and Proposed Fees



Increase Franchise Fee Adjustment

- FY2024 – 10% Franchise Fee - \$1,492,884 revenue
- FY2025 Adopted – 15% Franchise Fee - \$2,195,418 revenue
- 1% increase equates to \$140,500
- No additional adjustments recommended

Services, Costs and Proposed Fees



Franchise Fee Restructuring

- Current fee is 15% based on gross revenue from each hauler
- Some communities charge a per CY franchise fee; this would implement pay as you throw for commercial properties
- Obtain feedback from waste haulers and consider restructuring fee for FY26; approximately \$1.83/CY is revenue neutral.
- Assuming a \$3.15 per CY fee and 1.2 million CY of commercial waste, restructuring would generate an additional \$1,584,000 annually. Compactors would be assessed 1.5x more or \$4.90 CY

Services, Costs and Proposed Fees



Cart Rate Fee Adjustment & Franchise Fee Restructure

- Assuming an effective date of April 1, 2025 for cart rates ; conservative date (requires 2 Ordinance readings and billing adjustments)
- FY26 assumes 5% bi-annual cart increase in fees, 4% inflation less one time cost and \$3.15/CY franchise fee

End of FY23 Fund Balance: \$6.7 M

Year	Revenues	Expenses	Transfer to Roadways	Fund Balance
FY24 Modified	\$11,400,277	\$13,327,029	\$232,000	\$(2,158,752)
FY25 Adopted	\$12,895,662	\$14,548,019	\$2,000,000	\$(3,652,357)
FY25 - 20%	\$13,907,662	\$14,548,019	\$2,000,000	\$(2,640,357)
FY26 Assumed	\$15,997,662	\$13,950,000	\$2,000,000	\$47,662

Services, Costs and Proposed Fees

Options to Balance Budget

- Recommended

- Increase cart fees by 20%
- Consider restructuring franchise fee to per cubic yard rate (pay as you throw) for FY26

- Not recommended

- Restructure cart fees: Reduce cart size options and/or flat cart rates (eliminate pay as you throw)
- Increase franchise fees



Waste Hauler Invitation To Negotiate

Waste Hauler Invitation to Negotiate

Commercial Exclusive Hauler

- Currently 4 waste haulers provide commercial service within the City Limits; award of an exclusive hauler would only permit one hauler to provide commercial service
- With some exceptions, Section 403.70605(3) Florida Statutes requires a three year notice and 18-months gross receipts paid to any hauler that is no longer permitted to provide service
- Staff opines the City qualified for a statutory exception; haulers disagree.
- 18 months gross receipts equals \$28,600,000



Waste Hauler Invitation to Negotiate

Commercial Exclusive Hauler

- Impacted markets would include multi-family (garbage, recycling, and bulk trash), and commercial (garbage and bulk trash)
- Markets excluded would include organic waste required by city for diversion, construction and demolition debris, commercial and multi-family yard waste, land clearing debris, disaster debris, sludge, solid waste and by-products generated from an industrial process, hazardous materials, scrapped vehicles, animal waste, and non-standard wastes generated by government operations



Waste Hauler Invitation to Negotiate

Commercial Exclusive Hauler

- Benefits include:
 - Set, uniform, competitive pricing to the community
 - Estimate overall cost reduction to the community
 - Improved customer service due standardize contract
 - Potential increase recycling rates due to uniform collection & education
 - Reduction in roadway deterioration and emissions due to reduction in vehicle miles traveled



Waste Hauler Invitation to Negotiate

2021 Invitation to Negotiate

- Solicitation for exclusive hauler issued December 2021
- 10 year term with two optional 5 year renewals; CPI max of 4% annually
- Potential awardee was one of the existing haulers
- Award of the solicitation was delayed due to litigation from “displaced haulers”
- National Waste & Recycling Association filed a federal lawsuit July 2022 and was dismissed January 2023
- Settlement was reached with all 3 “displaced haulers”



Waste Hauler Invitation to Negotiate

2021 Invitation to Negotiate

- Solicitation required electric garbage and recycling trucks or, bio-diesel fueled garbage and recycling trucks within three years
- Settlements required meeting these requirements
- Potential awardee was negotiating at 100% electric fleet
- Negotiation team elected to terminate negotiations as a 100% electric vehicle fleet was likely not feasible within 3 years as electric vehicles are not available for their entire fleet needs



Waste Hauler Invitation to Negotiate

2025 Invitation to Negotiate

- Current curbside agreement expires 9/30/26
- Issue ITN with curbside only and exclusive pricing if the Commission would like to pursue an exclusive hauler
- Intent to award an exclusive hauler would require settlements or would likely result in a lawsuit
- Fuel types (diesel, bio-diesel, CNG, RNG, electric, hybrid, etc.) would be permitted and scored based on emissions. (Fuel types for commercial haulers could also potentially be regulated via ordinance)





Staff Recommendation

Staff Recommendation

1. Advertise Ordinance to amend Appendix A – Schedule of Fees, Rates and Charges to increase the residential garbage cart fees by 20%.
2. Hear feedback from Solid Waste Haulers in Attendance
3. Provide staff direction on whether to pursue an exclusive hauler
4. Consider Franchise Fee Restructuring for FY26 and provide staff direction

Questions?

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