

## **RESOLUTION 19-72**

### **A RESOLUTION TO ESTABLISH RATES FOR RESIDENTIAL GARBAGE COLLECTION, RECYCLING, AND YARD AND BULKY WASTE FEES**

**WHEREAS**, the Board of Mayor and Aldermen recognizes sanitation services are essential and needed to serve the residents and businesses of the City of Spring Hill; and

**WHEREAS**, the City advertised and received proposals for city sanitation and recycling services on December 14, 2018; and

**WHEREAS**, the Board of Mayor and Aldermen of the City of Spring Hill selected Waste Management as the provider for sanitation and recycling services with the approval of Resolution 19-02 on January 22, 2019; and

**WHEREAS**, contract execution was approved by the Board of Mayor and Aldermen with the approval of Resolution 19-60 on April 15, 2019; and

**WHEREAS**, the initial contract term begins May 1, 2019 and ends April 30, 2022; and

**WHEREAS**, the monthly rates for garbage collection and recycling with Waste Management are \$9.11 and \$3.00, respectively, with an annual escalation clause of 2.5%; and

**WHEREAS**, the Board of Mayor and Aldermen recognizes the need to pass the new fee on to recycling customers; and

**WHEREAS**, based upon tonnage estimates for recyclables (2,000 tons annually) provided by Waste Management in conjunction with the garbage/recycling bid process, the monthly amount per customer associated with the new recycling fee is .32 per month; and

**WHEREAS**, the Board of Mayor and Aldermen recognizes the need to establish a yard waste and bulky waste fee to assist with defraying the expense of providing yard waste services and bulky item removal services to its residents; and

**WHEREAS**, the Board of Mayor and Aldermen has determined that maintaining the current monthly rate of \$14.29 will create a revenue stream equal to \$2.18 per month to offset a portion of operating and equipment costs to provide yard waste and bulky item removal services; and

**WHEREAS**, the monthly fee for yard waste and bulky item services is established at \$2.18, with an annual escalation clause of 2.5%.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Mayor and Aldermen of the City of Spring Hill approves the monthly fee structure outlined as follows for garbage, recycling and yard waste/bulky item services effective July 1, 2019:

Garbage collection	\$9.11 per month
Recycling-Waste Management	\$3.00 per month
Yard waste/bulky item collection	\$2.18 per month

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill,  
Tennessee on this 19<sup>th</sup> day of August, 2019.

  
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Rick Graham, Mayor

ATTEST:

  
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April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney



**City of Spring Hill  
Budget & Finance Advisory Committee  
and  
Board of Mayor and Aldermen**

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Date: May 29, 2019

Memo to: Board of Mayor & Aldermen

From: Victor Lay, City Administrator  
Chuck Downham, Assistant City Administrator  
Patti Amorello, Finance Director

Re: Resolution 19-72, A Resolution to Establish Residential Garbage Collection, Recycling and Yard and Bulky Waste Fees

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At the BOMA retreats in 2018 and 2019, dialogue took place regarding the costs of providing yard waste collection and bulky item collection/disposal. At the Budget Workshop on April 23, 2019, staff provided an updated report on the costs that are being borne by the General Fund related to those services (copy attached). For FY 2018-19, costs of those services excluding capital equipment purchases and replacements are estimated to be \$399,750.

In April, the Board of Mayor and Aldermen executed a new contract with Waste Management for residential/commercial garbage collection and for residential recycling. The cost for the residential component of pricing for garbage/recycling is being reduced from \$14.29 to \$12.11 monthly effective May 1<sup>st</sup> (with the utility bill that will go out at the end of May).

One of the alternatives proposed to provide financial support for yard waste and bulky item/brush collection operations would be to leave the current sanitation/recycling fee at the current \$14.29 rate and to use the difference between the current rate of \$14.29 and adjusted rate of \$12.11 that equates to \$2.18 per month to assist with financial support for the yard waste and bulky/brush collection.

As a resolution was being prepared to establish the residential garbage and recycling fees, a supplemental fee for yard and bulky waste has been incorporated within the resolution. The Municipal Code defines "refuse" to include yard waste and provides that fees may be established by resolution or ordinance and therefore it was determined to be acceptable based upon these provisions to incorporate the yard and bulky waste fee within this resolution.

On May 2, 2019, Dave Hunter from Marshall County Solid Waste reached out to the City to advise that, as the recyclables market has dried up, they were considering a \$25 per ton charge for recyclables brought to the Marshall County Solid Waste Recovery Facility. The Marshall County Solid Waste Committee approved the charge at their May 13, 2019 meeting and the Marshall County Commission approved a resolution at their May 28, 2019 meeting. The charge will take effect on July 1, 2019. Interlocal agreements are being routed to the respective entities, who will be billed monthly based upon tonnage. An Interlocal Agreement is being included on the June BOMA agenda.

Based upon estimated tonnage of recyclables (2,000 tons annually) and the current customer base, the monthly charge per customer to support this fee would be .32. A fee for this charge is also being included within Resolution 19-72.

**ATTACHMENTS:** Resolution 19-72.

**RECOMMENDATION:** Staff recommends that the BOMA approve Resolution 19-72.

DATE: April 23, 2019

TO: Board of Mayor and Aldermen

FROM: Victor Lay, City Administrator  
 Chuck Downham, Assistant City Administrator  
 Tyler Scroggins, Public Works Supervisor  
 Missy Stahl, Senior Project Manager

SUBJECT: Cost Analysis for Yard Waste Collection and Bulk Waste  
 Collection Services – Updated from June 2018 Report to BOMA

Summary:

In addition to municipal garbage pickup provided by Waste Management Services through a contract with the City, Spring Hill residents receive waste services that include yard waste and bulky (household junk) item pick up without a user charge. These services are subsidized out of the General Fund using internal employees and equipment from Public Works. As Spring Hill's population grows, these services continue to expand and the financial resources required to support the operation becomes a larger expenditure from General Fund. The two services require staff and equipment resources from the Department of Public Works for both collection and disposal.

Specifically, Public Works staff provides manpower for curbside collection which includes the use of small pickup trucks with trailers to knuckle-boom trucks. Disposal of all yard waste and bulky items include the use of outside contractors that charge for hauling, mulching, grinding, and landfill charges. Since 2013, the City of Spring has experienced significant growth in new residences being constructed annually.

Residential Building Permits	
Year	No. of Permits
2013	507
2014	587
2015	576
2016	699
2017	804
2018	844
<b>2019 (YTD - March)</b>	<b>197</b>

Listed below is a summary of costs incurred by the Department of Public Works to provide yard waste and bulky waste services. Personnel costs include a markup of thirty percent to cover the cost of employee benefits. Depreciation cost for capital replacement (knuckle-boom trucks and pickups) are not figured into the expenses. We have, however, included the fuel expenses to operate the equipment.

### Grass Clippings

Every weekday of the year except holidays, we operate a two-person grass clipping pick up crew. During the busy time of the year, a garbage truck purchased in FY 2019 and a pickup truck are assigned to the grass clippings crew for support. They collect grass clippings, mulch, and other smaller yard waste throughout the city. They collect between 250 to 300 yard waste bags during the 32-week mowing season and less during other times of the year (not exceeding 40 pounds during non-peak season) each day. One of the collection crews drives a one-ton flat-bed truck with sideboards and they lift grass bags into the bed of the truck. The other collection two-person crew will drive the rear-loader garbage truck with one person driving and the other person lifting the grass bags into the truck. Service is provided the day after garbage pickup. Labor cost for a grass collection crew for the next fiscal year is about \$139,750 for three employees (to include benefits). The cost for fuel and other vehicle related operational expenses for a one-ton pickup and garbage truck used for grass collection is estimated at approximately \$80 per day (\$7,000 annually). For the previous fiscal year, the cost of equipment was estimated at \$8,000 for the flat-bed truck. The total cost to provide grass pickup is estimated at approximately \$154,750.

### Brush, Tree Limbs and Other Yard Waste

Knuckle-boom trucks are used to pick-up yard waste such as brush and tree limbs. Brush collection days are on Tuesday through Friday (two trucks) and Monday through Friday (one truck). The cost of a crew is estimated at \$115,000 this past fiscal year. These trucks operate year-round and service the entire city over the five-day period. Three trucks cost about \$18,000 per year for fuel, oil changes and other maintenance. A request for a new knuckleboom cab and chassis has been submitted for the FY 2020 at a cost of \$145,000. The total cost to provide this service is estimated at \$278,000.

### Extra Collection (Household Junk)

Knuckle-boom trucks are used to pick-up extra collection waste (household junk too large to put into 95-gallon trash containers) on Mondays. Two knuckleboom trucks are used on Monday for this service. Service is provided when residents contact Public Works. The City operates two trucks one day a week for 52 weeks per year. Truck costs are about \$3,000 per year for fuel, oil changes and other maintenance. Labor cost is about \$19,000 per year. The annual cost is estimated at approximately \$27,512.

### Outside Contractors

Grass bags, brush, limbs and trees are temporarily stored at the Public Works yard where a contractor with a machine grinds up all grass and wood material and disposes of the material at a yard waste disposal center twice a year. The annual cost this fiscal year is estimated at \$55,000. We can expect grinding operations to increase (with one additional grind added to the schedule) if Public Works is moved to Northfield and the storage area is decreased from the existing storage area at Public Works. This would increase our annual cost to nearly \$80,000 based on contractual rates for grinding.

Extra collection (household junk) is stored at the Public Works Yard in three thirty-cubic yard roll-off containers. United Waste Haulers hauls this material off for disposal at a projected cost of \$35,000 per year.

As of June 2018, the total annual cost covering in-house labor, maintenance and operation of city owned equipment, and the use of outside contractors was estimated at \$400,000.

Table 1 summarizes the current cost for these services in FY2018-19.

**Table 1. Summary of Cost for Yard and Bulky Waste Services  
 (Excludes capital purchase and replacement) – FY2018-19**

Description of Service	Annual Labor and Equipment Cost of Service		Annual Cost of Disposal and Landfilling per Service	Total Annual Cost of Program by Service
	Labor	Equipment		
Grass Clippings	\$139,750	\$15,000	\$55,000	\$342,750
Brush, Tree Limbs & Other Yard Waste	\$115,000	\$18,000		
Extra Collection (Household Junk)	\$19,000	\$3,000	\$35,000	\$57,000
<b>Total Cost of Program</b>	<b>\$273,750</b>	<b>\$36,000</b>	<b>\$90,000</b>	<b>\$399,750</b>

Table 2 summarizes the proposed budgeted expenses for these services in FY2019-20.

**Table 2. Summary of Proposed Budgeted Expenses for Yard and Bulky Waste Services for  
 FY2019-20 (Includes Capital Equipment Replacement)**

Description of Service	Annual Labor and Equipment Cost of Service		Annual Cost of Disposal and Landfilling per Service	Total Annual Cost
	Labor	Equipment		
Grass Clippings	\$143,000	\$16,500	\$82,000	\$379,000
Brush, Tree Limbs & Other Yard Waste	\$117,500	\$20,000		
Extra Collection (Household Junk)	\$19,500	\$3,500	\$38,000	\$61,000
Equipment Replacement (One (1) Knuckleboom Truck) - \$145,000 amortized over 3 years @ 4%				\$145,000 (\$52,000 annual payment if amortized over 3 years @ 4%)
<b>Total Cost of Program</b>	<b>\$280,000</b>	<b>\$40,000</b>	<b>\$120,000</b>	<b>\$492,000</b>

### Equipment Purchase and Replacement

As detailed above, the Department of Public Works currently operates three (3) knuckleboom trucks for the curbside collection of yard waste and brush and limbs as well as bulky items. The Department is incurring significant recurring equipment maintenance and repair expenses as a result of aging equipment. Equipment repair costs continue to rise significantly to maintain the current fleet of knuckleboom trucks. In addition to the operation and maintenance costs outlined above, the budget process and potential fee structure need to incorporate additional equipment purchases due to program expansion as well as the need for replacement of older equipment whose service life has passed (again, resulting in significant recurring and escalating expense to maintain aging equipment in safe operating condition). New knuckleboom trucks are specialized equipment due to their function and have a purchase cost of approximately \$145,000.

### Comparison with Nearby Communities.

In the current FY2018-19 fiscal year the City of Spring Hill sanitation charge is currently assessing households \$10.38 plus \$3.91 per month for curbside recycling for a total monthly fee of \$14.29. No charges are assessed for yard waste collection and extra collection services.

In comparison, the City of Columbia currently charges \$14.00 per month for sanitation fees which includes the collection of yard and bulky waste items. Bulk Collection is limited to three times per year with additional bulk pickups beyond initial 3 pickups at a charge of \$50 each plus related landfill charges. Yard waste collection and recycling collection are biweekly.

In 2018, the City of Franklin charged \$16.50 per month. This rate includes the pickup services for grass clippings and brush and limbs. There is no charge for Bulky items. They do charge pick up stickers at \$1.00 per tag. This covers items such as kitchen waste.

### Funding Alternatives

In the current fiscal year residential residents are being charged a monthly sanitation fee in the amount of \$14.29 per month or \$171.48 annually. As of the date of this updated report there were 14,013 residential households that are charged a monthly sanitation fee of \$10.38 (of which only 13,252 are also charged the curbside recycling fee of \$3.91 due to inability to serve in some locations). The City of Spring Hill has entered into a waste management agreement with Waste Management for residential curbside pick-up for household garbage but, this service excludes yard and bulky waste services. As a result of the new contract with Waste Management, the monthly sanitation fee for household garbage and curbside recycling (except for those households not charged for curbside recycling services) will be reduced from the current rate of \$14.29 per month to \$12.11 per month (\$9.00/month for garbage and \$3.11 for curbside recycling) or \$145.32 annually. For those not currently receiving curbside recycling services, the month sanitation fee will be reduced from \$10.38 to \$9.00 per month.

In order to fully cover the operating and capital equipment cost of \$492,000 for yard and bulky waste services proposed in FY2019-20 as described in Table 2 above, the monthly sanitation fee

charged to the 14,013 residential households receiving curbside household garbage services would need to be increased from \$9.00 (the adjusted rate based on new contract with Waste Management) to \$11.93 per month (\$492,000 divided by 14,013 households divided by 12 months) reflecting a \$2.93 increase in the monthly fee or an additional \$35.16 annually for yard and bulk waste services.

An alternative discussed during a recent budget work session was to not adjust the current sanitation fee for garbage and curbside recycling from \$14.29 to \$12.11 to reflect the reduced rate provided in the new contract with Waste Management but instead to hold at the current rate of \$14.29 per month (or \$10.38 per month for those households not utilizing curbside recycling services). With no change in the current residential rate, the additional revenues that could be realized are estimated to be \$2.18 per household per month which would generate an estimated \$366,580 annually ( $\$2.18/\text{month} \times 14,013 \text{ households} \times 12 \text{ months}$ ). The additional funding source could then be redirected to cover a large portion of the yard and bulky waste services covering items such as capital expenditures and a limited portion of labor and operational costs. This approach would provide the opportunity to partially fund the yard and bulky waste program with no increase in the cost to households receiving residential sanitation services.

When City staff initially presented the concept of creating a specific yard and bulky waste service fee or increasing the existing sanitation fee in 2017, the recommended adjustment was \$2.01 per month. As the need and demand for this service has grown, in 2018 the recommended adjustment increased to \$2.66 to covering growing operational expenses including rising maintenance costs on aging equipment. As the community continues to grow and more and more residents participate in yard and bulky waste services, the expenses for such services will continue to rise.