Rubbish Services and Operating Budget

City of Saginaw
5-6-19
Rubbish Services

- Curbside Collection and Disposal of:
  - Solid Waste (MMWA) - Weekly
  - Recycling (City & MMWA) - Bi-Weekly
  - Yard Waste (City) - Weekly
  - Brush (City) - Weekly
- Convenience Station (City)
- Compost Facility Operation (City)
- Environmental Enforcement/Clean-Up (City)
MMWA Background

- MMWA (Mid-Michigan Waste Authority) began in 1991
- Created with goal that cooperative communities would receive better pricing and more services
- Rubbish services offered in 1995
- Today, it is a multi-municipal consortium of 34 Communities across the Saginaw Valley area
- Currently provides City with solid waste collection and disposal, recycling disposal, and administration services
MMWA Members

- Albee Twp
- Bethany Twp
- Birch Run - Village
- Birch Run Twp
- Blumfield Twp
- Brady Twp
- Brant Twp
- Breckenridge - Village
- Bridgeport Twp
- Buena Vista Twp
- Carrollton Twp
- Chapin Twp
- Chesaning Twp
- Frankenmuth - City
- Frankenmuth Twp
- Fremont Twp
- James Twp
- Jonesfield Twp
- Kochville Twp
- Lakefield Twp
- Maple Grove Twp
- Marion Twp
- Merrill - Village
- Richland Twp
- Saginaw - City
- Saginaw Twp
- St Charles - Village
- St Charles Twp
- Spaulding Twp
- Swan Creek Twp
- Thomas Twp
- Tittabawassee Twp
- Wheeler Twp
- Zilwaukee - City
MMWA Current Contract

- Current Contract is a 7 year contract
  - January 1\(^{st}\) 2016 - December 31 2022
- Fees include solid waste collection and disposal including fuel surcharge and landfill surcharge, recycling disposal, and administration
- Recycling brought in-house January 2016
- Yard Waste brought in-house April 2016
Owners of premises with dwelling units of four or fewer but including at least one shall subscribe to city collection service per City Ordinance Title V: Public Services, Chapter 50: Solid Waste, Paragraph 50.02.
# MMWA Solid Waste Contractual Cost Increases

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate/Month</th>
<th>Cost</th>
<th>Increase from Base</th>
<th>Collection</th>
<th>Rate/Ton</th>
<th>Cost</th>
<th>Increase from Base</th>
<th>Disposal</th>
<th>Rate/Ton</th>
<th>Cost</th>
<th>Increase from Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$4.99</td>
<td>$1,112,510.52</td>
<td>Base</td>
<td>Base</td>
<td>$26.84</td>
<td>$409,979.39</td>
<td>Base</td>
<td>Base</td>
<td>$26.84</td>
<td>$409,979.39</td>
<td>0.00%</td>
</tr>
<tr>
<td>2019</td>
<td>$5.13</td>
<td>$1,146,985.92</td>
<td>$34,475.40</td>
<td>$1.68</td>
<td>3.10%</td>
<td>$27.23</td>
<td>$436,320.45</td>
<td>$1.35</td>
<td>$27.23</td>
<td>$436,320.45</td>
<td>6.42%</td>
</tr>
<tr>
<td>2020</td>
<td>$5.28</td>
<td>$1,180,523.52</td>
<td>$68,013.00</td>
<td>$3.48</td>
<td>6.11%</td>
<td>$27.62</td>
<td>$442,569.62</td>
<td>$1.69</td>
<td>$27.62</td>
<td>$442,569.62</td>
<td>7.95%</td>
</tr>
<tr>
<td>2021</td>
<td>$5.44</td>
<td>$1,216,296.96</td>
<td>$103,786.44</td>
<td>$5.40</td>
<td>9.33%</td>
<td>$28.02</td>
<td>$448,979.03</td>
<td>$2.03</td>
<td>$28.02</td>
<td>$448,979.03</td>
<td>9.51%</td>
</tr>
<tr>
<td>2022</td>
<td>$5.62</td>
<td>$1,256,542.08</td>
<td>$144,031.56</td>
<td>$7.56</td>
<td>12.95%</td>
<td>$28.43</td>
<td>$455,548.67</td>
<td>$2.38</td>
<td>$28.43</td>
<td>$455,548.67</td>
<td>11.12%</td>
</tr>
<tr>
<td>Total</td>
<td>$5,912,859.00</td>
<td>$144,031.56</td>
<td>$7.56</td>
<td>12.95%</td>
<td>$28.43</td>
<td>$2,193,397.17</td>
<td>$45,569.28</td>
<td>$2.38</td>
<td>$45,569.28</td>
<td>11.12%</td>
<td></td>
</tr>
</tbody>
</table>

*2018: Household Count - 18,579  
   Tons of Disposal - 15,274.94  
*2019-22: Household Count - 18,632  
   Tons of Disposal - 16,023.52
## MMWA Total Solid Waste Contractual Costs Increases

<table>
<thead>
<tr>
<th>Year</th>
<th>MMWA Costs</th>
<th>Increase per Year</th>
<th>Increase from Base</th>
<th>Cost/Unit/Year</th>
<th>Cost/Unit/Year Increase from Base</th>
<th>Percent Increase from Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,522,489.86</td>
<td>------------------</td>
<td>Base</td>
<td>$81.95</td>
<td>Base</td>
<td>0.00%</td>
</tr>
<tr>
<td>2019</td>
<td>$1,583,306.37</td>
<td>$60,816.51</td>
<td>$60,816.51</td>
<td>$84.98</td>
<td>$3.03</td>
<td>3.99%</td>
</tr>
<tr>
<td>2020</td>
<td>$1,623,093.14</td>
<td>$39,786.77</td>
<td>$100,603.28</td>
<td>$87.11</td>
<td>$5.17</td>
<td>6.61%</td>
</tr>
<tr>
<td>2021</td>
<td>$1,665,275.99</td>
<td>$42,182.85</td>
<td>$142,786.13</td>
<td>$89.38</td>
<td>$7.43</td>
<td>9.38%</td>
</tr>
<tr>
<td>2022</td>
<td>$1,712,090.75</td>
<td>$46,814.76</td>
<td>$189,600.89</td>
<td>$91.89</td>
<td>$9.94</td>
<td>12.45%</td>
</tr>
</tbody>
</table>

*2018: Household Count - 18,579
Tons of Disposal - 15,274.94

*2019-22: Household Count - 18,632
Tons of Disposal - 16,023.52
MMWA Total Solid Waste Contractual Costs Increases
Rubbish Fund Revenues

- Current house count is at 18,632 households
- Estimated revenue with current rubbish fee of $200 is $3,726,400
- Estimated revenue with proposed rubbish fee of $210 would equate to $3,912,720
- Revenue may increase by $186,320 or 4.76%
## Proposed FY 20 Anticipated Rubbish Revenue with Fee Increase

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Revenue</th>
<th>Percent of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubbish Fee</td>
<td>$3,901,794</td>
<td>91.97%</td>
</tr>
<tr>
<td>Compost Site</td>
<td>$70,000</td>
<td>1.65%</td>
</tr>
<tr>
<td>Environmental Violations</td>
<td>$55,098</td>
<td>1.30%</td>
</tr>
<tr>
<td>Chargeback</td>
<td>($150,000)</td>
<td>-3.54%</td>
</tr>
<tr>
<td>Interest &amp; Penalties</td>
<td>$75,000</td>
<td>1.77%</td>
</tr>
<tr>
<td>Use of Fund Equity</td>
<td>$287,304</td>
<td>6.77%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$3,304</td>
<td>0.08%</td>
</tr>
<tr>
<td>Total</td>
<td>$4,242,500</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

*Without rubbish fee increase, possible revenue decreases to $3,726,400 which brings the total revenue down to $4,063,802.*
Rubbish Fund Expenditures

- Fund pays for services and legacy costs
- MMWA contract fees include all costs for solid waste collection and disposal, recycling disposal, and administration
- Other expenditures are for services offered by the City such as:
  - Administration (4581)
  - Convenience Station (4582)
  - Environmental Enforcement/Clean-Up (4583)
  - Brush Collection (4585)
  - Recycling Collection (4586)
  - Compost Site Operation (4587)
  - Yard Waste Collection (4588)
## FY 20 Budgeted Rubbish Expenditures

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Cost</th>
<th>Percent of Expenditure</th>
<th>Household Cost</th>
<th>Cost per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMWA Collection</td>
<td>$1,163,770</td>
<td>27.43%</td>
<td>$62.46</td>
<td>$5.21</td>
</tr>
<tr>
<td>MMWA Disposal</td>
<td>$440,000</td>
<td>10.37%</td>
<td>$23.62</td>
<td>$1.97</td>
</tr>
<tr>
<td>MMWA Administration</td>
<td>$70,100</td>
<td>1.65%</td>
<td>$3.76</td>
<td>$0.31</td>
</tr>
<tr>
<td>City Collection</td>
<td>$118,369</td>
<td>2.79%</td>
<td>$6.35</td>
<td>$0.53</td>
</tr>
<tr>
<td>Tire Disposal</td>
<td>$4,080</td>
<td>0.10%</td>
<td>$0.22</td>
<td>$0.02</td>
</tr>
<tr>
<td>City Administration</td>
<td>$296,784</td>
<td>7.00%</td>
<td>$15.93</td>
<td>$1.33</td>
</tr>
<tr>
<td>Legacy Costs</td>
<td>$493,780.00</td>
<td>11.64%</td>
<td>$26.50</td>
<td>$2.21</td>
</tr>
<tr>
<td>Brush Collection</td>
<td>$155,496</td>
<td>3.66%</td>
<td>$8.35</td>
<td>$0.70</td>
</tr>
<tr>
<td>Recycling</td>
<td>$289,367</td>
<td>6.82%</td>
<td>$15.53</td>
<td>$1.29</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>$290,825</td>
<td>6.86%</td>
<td>$15.61</td>
<td>$1.30</td>
</tr>
<tr>
<td>Compost Site Operation</td>
<td>$312,038</td>
<td>7.36%</td>
<td>$16.75</td>
<td>$1.40</td>
</tr>
<tr>
<td>Convenience Station</td>
<td>$29,608</td>
<td>0.70%</td>
<td>$1.59</td>
<td>$0.13</td>
</tr>
<tr>
<td>Yard Waste Collection</td>
<td>$348,851</td>
<td>8.22%</td>
<td>$18.72</td>
<td>$1.56</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$84,755</td>
<td>2.00%</td>
<td>$4.55</td>
<td>$0.38</td>
</tr>
<tr>
<td>Capital Improvements Fund</td>
<td>$138,715</td>
<td>3.27%</td>
<td>$7.44</td>
<td>$0.62</td>
</tr>
<tr>
<td>Post Retirement Health Fund</td>
<td>$5,962</td>
<td>0.13%</td>
<td>$0.32</td>
<td>$0.02</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,242,500</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$227.70</strong></td>
<td><strong>$18.98</strong></td>
</tr>
</tbody>
</table>

*$227.70 would need to be the rate if there were no other revenue sources being accounted for.
FY 20 Budgeted Rubbish Expenditures

- MMWA Collection: 27.43%
- MMWA Disposal: 10.37%
- MMWA Administration: 1.65%
- City Collection: 2.79%
- Tire Disposal: 0.10%
- City Administration: 7.00%
- Legacy Costs: 11.64%
- Compost Site Operation: 7.36%
- Recycling: 6.82%
- Environmental Services: 6.86%
- Brush Collection: 3.66%
- Debt Service: 2.00%
- Capital Improvements Fund: 3.27%
- Post Retirement Health Fund: 0.13%
Comparable Rubbish Fees

- Lansing - $301.00
  - Solid Waste/Yard Waste/Recycle/Brush
- Saginaw Township - $150.00
  - Solid Waste/Yard Waste/Recycle/Brush
- Bay City - $171.60
  - Solid Waste/Yard Waste/Recycle/Brush
- Farmington - $210.00
  - Solid Waste/Yard Waste/Recycle/Brush
- Battle Creek - $205.00
  - Solid Waste/Yard Waste/Recycle/Brush
Rubbish Fund Fiscal Overview

- FY 2016, the City brought yard waste and recycling in-house to create savings
  - Difference between contracting in-house for collection is approximately $220,000 and difference for disposal is around $212,000
  - Current annual savings of around $432,000 or $23/unit
- City has eliminated a position at the compost site, and eliminated most overtime by modifying hours of operation
Cost Breakdown

- MMWA fees are growing and, under contract obligation through 2022, the City has no option but to pay those fees for solid waste collection and disposal, recycling disposal, and administration costs.

- The City of Saginaw’s population has been decreasing at a steady rate. It has dropped approximately 20% since 2008, from once being 23,258 to now 18,632. Rubbish costs have to be dispersed among the remaining population.

- The City of Saginaw has been balancing the Rubbish Fund by using fund equity.

- It is best financial practice to have at least a 10% contingency saved for unknowns and capital. In order to achieve this 10% goal and provide the same level of service as well as provide for future capital investment needs, the fee will need to be increased to $250/year minimum.

- FY 20 proposed annual rubbish fee is $210 per household. This breaks down to a $17.50 per month, $4.04 per week, or a $0.58 a day cost. This cost per week provides weekly solid waste pickup, seasonal yard waste pickup, bi-weekly recycling pickup, environmental services, brush collection, free compost for city residents, and the operation of convenience station. This fee will not cover the bare minimum of the budget for this year and will need to be increased in the future.

- The plan to cover future solid waste costs, allow for necessary capital purchases and provide for some fund balance will be to increase the rubbish fee a minimum of $10 per year for the next 4 years.
Questions?

one bite at a time...