



To the Mayor and Members of the City Council

June 21, 2022

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SUBJECT: RESIDENTIAL SOLID WASTE RATE AND REVENUE HISTORY

In April of 2003, the City of Fort Worth transitioned from collecting residential trash using a manual collection method serviced by City staff, to a fully automated “pay as you throw” collection system utilizing 32, 64 and 96 gallon containers with contractual services provided by Waste Management (WM). There were three rate increases that occurred as part of the transition and adjusting service levels to community demands. In 2014, there was a rate reduction for 32 and 64 gallon carts to pass along contractual savings and promote the use of smaller carts (less waste and more recycling):

Year	32 Gal	64 Gal	96 Gal	Explanation
2003	\$8.00	\$13.00	\$18.00	New Automated System
2004/06	\$12.75	\$17.75	\$22.75	Bulk & Yard Waste Collection Improvements
2014	\$12.50	\$17.50	\$22.75	Passed Contract Savings to Rate Payers

Rate increases were discussed in 2009; however, the nation was still in a recession and it was decided to forgo the increase and instead attempt to keep costs down by forgoing capital expenditures and program expansion. To the credit of operational staff with the City and WM, this worked.

In 2013, the City worked with WM to make contract adjustments to better align with service delivery demands/costs. WM also agreed to extend the recycling processing contract without changes (it was recognized as one of the best municipal contracts in the nation). Lastly, landfill revenues were up because of increasing volume at the landfill (however, the life of the landfill was and is still diminishing as a result).

The processing contract was competitively re-bid in 2018 and Republic Services offered the best value. While it was the best value, it was still considerably higher than the previous contract which was based on outdated volume assumptions of newsprint, paper, etc. which dropped off greatly with the expanding digital market. Nationally, during this period, all processing contracts went up significantly.

For a number of years, the City went from a positive cash in the millions to a net cost because of increased processing costs and a global recycling market decline (China’s Green Fence). The loss of recycling revenue and increase in costs, along with inflationary costs over time to all cost centers, resulted in a negative cash flow for the fund. The City was able to reduce the deficit by adding an environmental fee at the landfill, increasing the grant of privilege fee, and increase the fee for commercial carts and bulk waste abatement.

With the global deficit of raw material, recycle markets have rebounded and the City is once again seeing a positive cash flow. In FY 2021, the City saw a positive cash flow of \$782,486 which has helped the fund operate in a balanced mode. However, recycle markets are volatile and industry experts are predicting a short uptick and then decline. This, along with the inflationary increases to our contracts (higher fuel, higher wages, labor shortages, etc.) means that we still need to grow revenue streams in the fund.

Earlier this year, staff updated City Council on a number of revenue options that are currently being developed. One is increasing the environmental fee at the landfill and the other is mining gas from the landfill. Staff are working with industry partners and will be updating Council after the summer break. For questions, please contact Brandon Bennett, Director of the Code Compliance Department, at 817-391-6322.

David Cooke
City Manager