

To the Mayor and Members of the City Council**June 23, 2020**

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**SUBJECT: SOLID WASTE FUND UPDATE AND PLAN FOR FY21 BUDGET DEVELOPMENT****Current Fund Status**

At the beginning of Fiscal Year 2020, the Solid Waste Fund started out with a programmed deficit of \$6.9 mil. Through June 1, 2020, the Code Compliance Department has been able to hold costs down and is projected to save \$700k over the course of the year. Revenues are trending to exceed projections by \$3.0 mil which reduces the anticipated deficit to \$3.2 mil. While summer storms/debris management could reduce the actual savings, the Department is on a fiscally conservative track to hold the line where possible.

Balanced Budget - Fiscal Year 2021

The Department and its consultant, Burns and McDonnell, are currently wrapping up a comprehensive review of solid waste that includes collection, disposal, landfill use and capacity, recycling, and other services. The final report will be available and used to develop the Solid Waste Fund budget for FY21.

While the City has not increased residential customer rates since 2006, the Department does not anticipate having to raise these rates to balance the budget next year. Instead, the Department expects to recommend changes to the Grant of Privilege (what all haulers pay the City for hauling waste on City streets to offset street repairs) and the Landfill tipping surcharge (per ton fee to offset solid waste collection/management costs). Additionally, the Department will forgo some capital projects/expenditures and in total these potential adjustments should result in a balanced budget in Fiscal Year 2021.

Service Delivery/Contract Negotiations

As part of the comprehensive review, the Department/Consultant reviewed the value/cost/return on current contracts for residential collection, recycling, landfilling and other solid waste units. This analysis continues and should be completed in early 2021 in anticipation of making recommendations to City Council for competitively rebidding current contracts that will expire in March 2023.

The process to develop recommendations to Council will include staff exploring best practices in residential solid waste services from peer jurisdictions to ensure that potential efficiencies in service delivery are considered.

Additional information can be obtained from Code Compliance Director Brandon Bennett at 817.392.6322.

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City Manager