



Solid Waste

Tuesday, March 10, 2015



Waste Management and Transparency

2 changes occurring as described in the memo that went out with the bills:

--Rate

--Billing Process



Waste Management Program History

The City of Covington's Solid and Recycling Waste Management Program

- The City does not have its own Sanitation Department for Waste Collection and Disposal
- The City contracts with a third party provider to haul Solid and Recyclable Waste for a fee
- The City recently completed a review of its Solid Waste Revenues and Expenditures based on our ordinance



Authority To Establish Annual Fee

Chapter 98.01 of the Covington Code of Ordinances states in relevant part:

“The **Finance Director** will prepare an annual analysis of the revenues reasonably necessary to defray the costs of these services and based upon this analysis the **City Manager** will establish the user fees to be imposed each year.”



Annual Analysis of Waste Management Revenues as required by City Ordinance

Why is the solid waste and recycling fee going up?

- **Fiscal Sustainability** – The City has under capitalized its waste hauling services for a very long time. Revenues from waste management fees have been less than expenditures for many years.
- **Financial Analysis** –The annual analysis shows that historical and current billing rates were not high enough to cover the full cost of waste hauling services.
- **Due to under capitalization:**
 - **The General Fund** has had to subsidize costs as high as \$350K annually at the expense of other City needs.
 - **The General Fund** cannot continue to **Subsidize** the cost of solid waste and recycling services



The Rate

Why the Rate of \$75 for January 1st to June 30th?

Costs:

Yearly Waste Service Charges by Third Party	\$2,277,557
Salary and Benefits of Solid Waste Coordinator	81,368
Overhead Costs for Print & Electronic Bill Payment	49,000
Uncollectible Bills – Delinquencies – Write offs	<u>309,494</u>
<u>Total Costs</u>	\$2,717,419

Total Units in the City **19,386**

Cost per Unit **\$2,717,419 / 19,386 =** \$140.17

Adjustment for Homestead Exemption \$9.81

Total Cost per Unit adjusted for Homestead Exemption **\$150.00**

Homestead Rate **\$ 90.00**

Six months of \$150 bill equates to \$75

The Billing Process

Goal: For the Contractor to directly bill all customers and to eliminate expense to City Taxpayers.

A Phased Approach:

- Beginning July 1st The City will continue to directly bill single family through 4 Family units. The waste contractor will directly bill all commercial and residential units 5 and up.
- The City sent a 6-month bill to all current customers through June 30th because on July 1st the City will have a new contractor and new billing process.

