



CITY OF BETHEL

P.O. Box 388 Bethel, Alaska 99559
907-543-2297
FAX # 543-4171

*Introduced by: Council Member Miller
Date: July 9, 1996
Public Hearing Date: July 23, 1996
Action: Tabled until next meeting
2nd Public Hearing: August 13, 1996
Action: Amended then Adopted
Vote: 7-Yes, 0-No*

ORDINANCE #96-30

AN ORDINANCE OF THE CITY COUNCIL OF BETHEL, ALASKA, AMENDING TITLE 13.08.180, "CUSTOMER PLUMBING" TO REQUIRE THE INSTALLATION OF CAMLOCKS ON SEWAGE HOLDING TANKS, AND PROVIDING FOR HIGHER EVACUATION FEES FOR HOLDING TANKS NOT EQUIPPED WITH A CAMLOCK AFTER AUGUST 1, 1997.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF BETHEL, ALASKA, AS FOLLOWS:

Section 1. Classification. This is a code ordinance.

Section 2. Severability. If any part or provision of the ordinance or application thereof to any person or circumstances is adjudged invalid by any court of competent jurisdiction, such judgment shall be confined in its operation to the part, provision, or application directly involved in the controversy in which this judgment shall have been rendered, and shall not affect or impair the validity of the remainder of this ordinance or application thereof to other persons or circumstances. The City Council hereby declares that it would have enacted the remainder of this ordinance even without such part, provision, or application.

Section 3. Content. Section 13.08.180 of the Bethel Municipal Code is hereby amended by adding a new sub-section C as follows:

C. Customers installing new sewage tanks shall install a camlock compatible with the City's plumbing regulations on the evacuation pipe of the sewage holding tanks.

Section 3. Effective Date. This ordinance is effective upon passage.

PASSED AND APPROVED THIS 23RD DAY OF JULY, 1996.

ATTEST:

L. J. Tanner
L. J. TANNER, CITY CLERK

Ruth M. Richardson
RUTH M. RICHARDSON, MAYOR



CITY OF BETHEL

P O. Box 388 Bethel, Alaska 99559
907-543-2297
FAX # 543-4171

MEMORANDUM

TO: Mayor and City Council
FROM: Kenneth L. Weaver, City Manager
DATE: June 7, 1996
SUBJ: Proposal for Solid Waste Rate Increase

Attached is a proposal for increasing the rate for solid waste.

et

Attachment



CITY OF BETHEL

P.O. Box 388 • Bethel, Alaska 99559

543-2297—Area Code 907

Date: June 5, 1996

To: Kenneth L. Weaver, City Manager

From: Bonnie Duke, Finance Director

Subject: Rate Increase for Solid Waste Operations

As we discussed during the FY97 budget preparation, changes were made in the structure of the Utility Enterprise Fund to track costs associated with the functions performed in the Utility Enterprise Fund. As you know, this structure was based upon the Uniform System of Accounts for water, sewer, and solid waste operations. This job costing is imperative in establishing the rates charged for services. The FY97 budget clearly demonstrates that the rates charged for solid waste disposal are not sufficient to cover the costs associated with hauling solid waste, operating the landfill, and ultimately closing the landfill. A proposal for increasing fees follows.

BACKGROUND

The City owns a total of 157 dumpsters which are located throughout the City. Of these 157 dumpsters, 85 are "rented" to commercial users. As of May, 1996, the City had 1,055 "residential" customers and 68 "commercial" customers. The City employs one full time solid waste driver to service all of these dumpsters. The City employs one full time Landfill Operator and one full time Landfill Attendant for operations at the landfill. These employees are supervised by the Utilities Foreman.

The FY97 budget projects that the following revenues will be generated from solid waste operations in FY97, including an allocation of the Senior Citizen Credit (BMC 13.16.070):

Acct #	Account Description	Projected FY97 Revenue
510-540-410	"Residential" Garbage	\$108,000
510-540-412	"Commercial" Garbage	168,000
510-540-416	Landfill Dump Fee	2,200
510-000-450	10% of Senior Citizen Credit	(2,880)
	TOTAL REVENUE	\$275,320

The FY97 budget projects that the following expenses will be incurred in providing solid waste services:

Acct #	Account Description	Projected FY97 Revenue
510-620-XXX	Hauled Refuse	\$221,389
510-622-XXX-	Landfill Operations	271,321
	Total	\$492,710

Therefore, the solid waste operations are projected to operate at a loss of \$217,390 (\$275,320-\$492,710). The details behind these numbers follows.

REVENUE:

BMC 13.16.010(A) establishes a flat monthly fee of \$8.00 per month for each utility customer not "renting" a dumpster. This rate is referred to as a "Residential" rate. BMC 13.16.010(A) establishes rates of \$25.00 per pickup for 4-cubic-yard dumpsters and \$30.00 per pickup for 8-cubic-yard dumpsters. These rates are referred to as "Commercial" rates for "rented" dumpsters. Apparently, the rate structure was originally designed to have certain dumpsters throughout the City dedicated for use by residents with other dumpsters dedicated to a particular commercial or industrial customer. In practice, the system has evolved to the point that residents dispose of solid waste in any available dumpster and certain commercial customers do not "rent" dumpsters and therefore are charged the "residential" rate. Theoretically, a resident could "rent" a dumpster for their home and pay the higher rate, however, the City currently does not have any customers in this situation.

BMC 13.16.010(B) establishes "on-call" rates for extra services of \$10.90 per call for residential services and \$32.75 per call for commercial services. In practice, residential "on-call" is not used. In practice, extra calls for commercial services are common. For example, if a "Commercial" customer is "renting" a dumpster which is scheduled for pickup every Tuesday and Friday and needs a pickup on Wednesday, the "Commercial" customer is charged \$32.75 for the Wednesday pickup, regardless of the size of the dumpster and either \$25.00 or \$30.00 each for the Tuesday and Friday pickup, depending on the size of the "rented" dumpster.

BMC 13.16.010(C) establishes rates for customers who choose to haul their own waste to the landfill. Loads of four cubic yards or less per day are not charged. Loads of more than four cubic yards are charged at \$3.00 per cubic yard.

EXPENSES

The expenses in the FY97 budget for the solid waste operations include depreciation and accrual of future costs for landfill closure and post-closure costs. These types of expenses do not involve cash flows in the current period however, these are critical concepts for establishing a rate which not only pays for current costs but pays for future costs of purchasing new equipment when present equipment is worn out and for paying for required closure and post-closure costs of the landfill. The expenses in the FY97 budget do not include accrual of costs for creating a new landfill when the existing landfill is full. These costs also should ultimately be factored into solid waste disposal rates.

A analysis of current cash flow from solid waste operations follows:

Revenue		\$275,320
"Cash Flow" Expenses:		
Total Expenses	492,710	
Less Depreciation	(7,500)	
Less Accrual for Landfill Closure Costs	(90,000)	
"Cash Flow" Expenses		395,210
Negative Cash Flow from Operations		(\$119,890)

This analysis indicates that the solid waste operations are operating at a negative cash flow of approximately \$120,000 per year, therefore, not cash is available for accumulation of cash for replacement of assets and closure of the landfill.

PROPOSED SHORT TERM RATE CHANGES

There are numerous issues to be resolved in the City's rate structure for solid waste operations and numerous operational changes that may improve efficiency. Solutions to these problems will require more research and input. However, the City needs to generate enough cash flow to at least have a breakeven in current cash flows. The following schedule reflects a short term solution to provide positive current cash flow until a comprehensive rate structure can be issued for public comment and debate

Assumptions:

- "Residential" rate is increased from a flat monthly rate of \$8 to \$16
- "Commercial" rate is increased from \$25 to \$30 per pickup for 4-yd dumpsters
- "Commercial" rate is increased from \$35 to \$40 per pickup for 8-yd dumpsters
- "On-call" residential rate remains unchanged at \$10.90 per pickup
- "On-call" commercial rate is increased from \$32.75 to \$45 per pickup
- Landfill disposal of four cubic yards or less remains free of charge
- Landfill disposal of four or more cubic yards is increased from \$3 to \$5 per cubic yard
- The short term revenue requirement attempts to fall between the "cash flow" requirement of \$395,210 per year and the full cost requirement of \$492,710 per year.

Projected Revenues based on Revised Rates:

Revenue:	
Residential	\$216,000
Commercial	201,600
Landfill Dump Fee	3,000
10% of Senior Citizens Credit	(2,880)
Total	\$417,720

These rates are proposed in Ordinance 96-28.

PROPOSED LONG TERM RATE CHANGES AND RATE STUDY

Following are some of the issues which need to be addressed to establish a rate structure which is equitable and includes recovery of all costs.

- Research and analysis of costs of curbside residential service
- Public input for potential curbside residential service
- Analysis of the remaining life of the current landfill assuming a given amount of compaction and a given amount of waste per person per year
- Analysis of waste generation for each category in the rate structure
- Research to obtain more accurate estimates of closure and post-closure costs
- Specific definition of regulatory requirements, including funding, for closure and post-closure of the landfill
- Alternatives for a new landfill location when the current landfill is full and costs associated with obtaining permits and other startup requirements for a new landfill
- Additional tiers or layers within the rate structure such as commercial, industrial, and residential
- Refinement of cost analysis started in the FY97 budget including analysis of actual results through the first several months of FY97
- Comparative analysis of comparable rural Alaska communities
- Decisions regarding recycling/solid waste disposal joint ventures or operations
- Providing incentives in the rate structure for desired goals such as incentives for recycling
- Capacity analysis of current system including detailed analysis of routes and efficiency of routes and possible staggered schedules for solid waste employees to provide additional route coverage

This project will require a great deal of effort if generated internally. This project may require outside assistance. I suggest that this study be considered a fairly high priority goal for FY97.