

MEMORANDUM

Date: December 27, 2019

To: Max Royle, City Manager

From: William Tredik, P.E., Public Works Director

Subject: Solid Waste Collection – Discussion of Costs for Businesses and Transient Rentals

BACKGROUND

The City of St. Augustine Beach currently provides solid waste can pickup service to commercial customers that do not have collection through a private solid waste contractor. Of the commercial customers, approximately 141 are transient rentals. Commercial solid waste collection occurs weekly (in some cases semi-weekly for additional fees), with tabulation done via physical counting of 32-gallon cans (or equivalent volume). The can count is tabulated by Public Works and billing is accomplished by the Finance Department. The city currently bills \$1.76 per 32-gallon can or equivalent volume. Additional fees are assessed to commercial customers who opt for additional recycling and/or a second pickup per week. The counting, tabulation, data entry and billing of cans and equivalent cans requires significant staff hours.

Figure 1 below shows the FY 2019 relationship between non-transient rental businesses within the city, and their weekly can count.

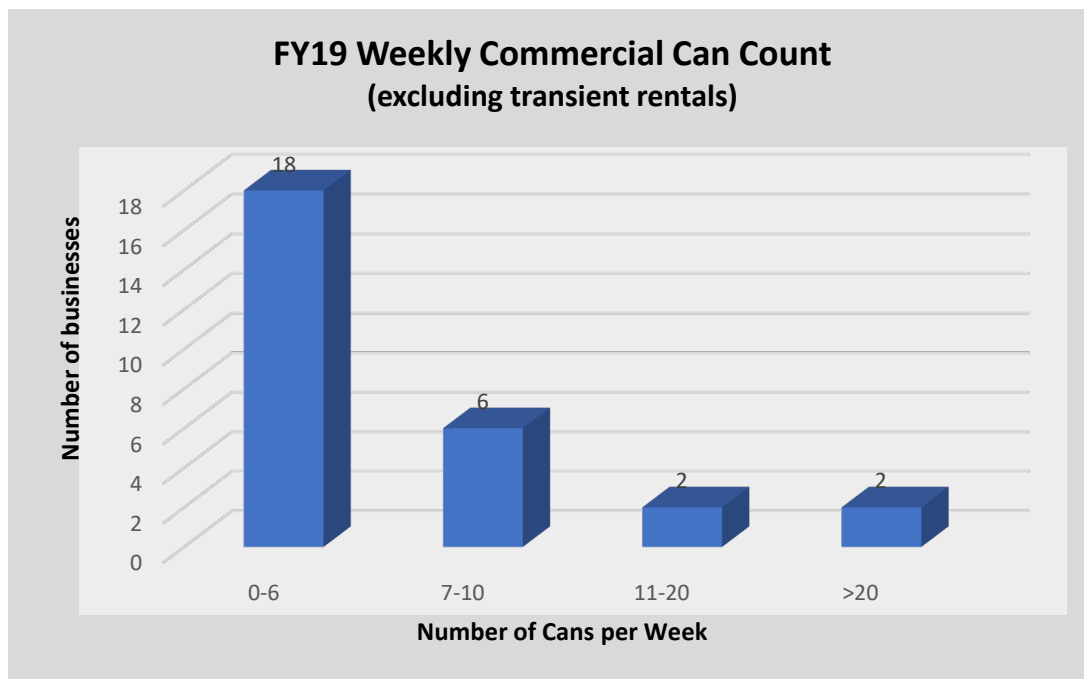


Figure 1 - FY19 Number of Businesses / Cans per Week

Eighteen (64%) of the non-transient rental businesses generate 6 cans or less per week. Six businesses generate between 7 and 10 cans per week and four businesses generate 11 or more cans per week.

The 141 transient rentals are considered commercial businesses and are also currently billed via the use of can counts. Can count numbers vary considerably among transient rentals, with as few as 1 can per week for some, and as high as 8 cans per week for others. This disparity in solid waste volume requires careful consideration when determining an appropriate solid waste collection fee schedule for transient rentals.

DISCUSSION

Counting cans requires allocation of staff time to conduct and tabulate the can counts, as well as key in the data for monthly billing. This time expenditure represents a real and significant allocation of staff time to a process which might be accomplished in a more cost-effective manner.

City staff has looked at other jurisdictions and was specifically requested to take a closer look at the City of St. Augustine's rate structure when evaluating alternatives to the "can-count" method currently being employed. The City of St. Augustine provides commercial pickup for both dumpsters and cans. Though our city is not equipped to provide dumpster pickup, a comparison of two cities' methodologies and costs nonetheless provides insights which can be used in the development of an updated solid waste fee schedule for St. Augustine Beach.

The City of St. Augustine provides commercial can pickup for a maximum of six 32-gallon cans weekly (roughly 1 cubic yard per week), on a tiered system, based upon the occupied square footage of the business. An additional charge of \$14.52 is assessed for each can above the six can maximum. This fee schedule provides a strong financial incentive for businesses with more than six 32-gallon cans of solid waste per week to use dumpsters. This City of St. Augustine's tiered rate structure for can pickup is shown in Table 1 below:

Business Square Feet	Monthly cost
0-100	\$15.13
101-250	\$22.70
251-500	\$30.26
501-750	\$37.84
751-1,000	\$45.40
1,001 +	\$60.53

Table 1 - City of St. Augustine Monthly Commercial Can Rates

Most small businesses within the City of St. Augustine Beach would likely fall within the 751 square feet or greater category and would thus be charged between \$45.40 and \$60.53 per month (between \$544.80 and \$726.36 per year), if they were billed according to the City of St. Augustine rate schedule. The minimum annual fee for the smallest businesses (0 to 100 SF) in the City of St. Augustine would thus be \$182. Businesses within the City of St. Augustine Beach that produce 6 or less cans of garbage per week paid between \$97 and \$591 per year in FY 2019, depending upon the number of cans collected, with an average annual fee of \$195.

As Figure 1 shows, there are four businesses within the City of St. Augustine Beach which generate more than 10 cans of garbage per week for city pickup. The FY 2019 can count and fee for these businesses is shown in Table 2:

Business	FY19 Cans	FY19 Fee*
Business 1 (41 cans/week)	2,115	\$3,722
Business 2 (21 cans/week)	1,074	\$1,890
Business 3 (12 cans/week)	618	\$1,088
Business 4 (11 cans/week)	560	\$986

Table 2 - Top 4 City of St. Augustine Beach Commercial Solid Waste Producers

* Does not include fees for additional recycle carts and extra pickup

For comparison purposes, if these businesses were billed under the City of St. Augustine rate schedule, their approximate fees would be as shown in Table 3, below:

Business	FY2019 COSAB Charge	COSA Charge (Can Pickup)	Minimum Dumpster Size	COSA Charge (Dumpster Pickup)
Business 1 (41 cans/week)	\$3,722	\$27,153	6 CY	\$3,090
Business 2 (21 cans/week)	\$1,890	\$12,052	4 CY	\$2,060
Business 3 (12 cans/week)	\$1,088	\$5,257	2 CY	\$1,198
Business 4 (11 cans/week)	\$986	\$4,502	2 CY	\$1,198

Table 3 – Over 10 Cans/Week Businesses Estimated Fee Comparison

The above comparison indicates the significant incentive the City of St. Augustine rate schedule creates to encourage large waste producing businesses to use dumpsters. The City of St. Augustine Beach currently has no similar financial incentive to move large waste producers to the use of dumpsters and continues to expend significant staff hours providing can collection to these businesses.

St. Augustine Beach businesses which produce between 7 and 10 cans per week would also incur substantially more cost if they were billed under the City of St. Augustine solid waste rate schedule. Six St. Augustine Beach businesses fall into this category and currently pay an average of \$740 annually for garbage collection. Table 4 below compares their current City of St. Augustine Beach fee with what their fee would be under the City of St. Augustine rate schedule:

Business	FY19 COSAB Charge	COSA Charge (Can Pickup)	Minimum Dumpster Size	COSA Charge (Dumpster Pickup)
Business 5 (7 cans/week)	\$651	\$1,481	2 CY	\$1,198
Business 6 (10 cans/week)	\$890	\$3,747	2 CY	\$1,198
Business 7 (8 cans/week)	\$702	\$2,236	2 CY	\$1,198
Business 8 (7 cans/week)	\$658	\$1,481	2 CY	\$1,198
Business 9 (8 cans/week)	\$729	\$2,236	2 CY	\$1,198
Business 10 (9 cans/week)	\$811	\$2,991	2 CY	\$1,198

Table 4 – Six to Ten 10 Cans/Week Businesses Estimated Fee Comparison

Analysis of the above comparisons show that for businesses between 7 and 10 cans per week, the City of St. Augustine fee schedule still significantly encourages businesses to use dumpsters. Table 4 also indicates that the City of St. Augustine Beach currently charges commercial customers, which generate between 7 and 10 cans of waste, less than what would be charged under the City of St. Augustine rate schedule, regardless of whether collection was by can or dumpster.

When modifying the commercial solid waste fee schedule, it is essential that the city create as fair of a schedule as possible, while generating sufficient revenue to pay for the services provided. The existing can count system and fee schedule is cumbersome, inefficient and does not fully cover the costs of providing service to all commercial customers.

Analysis indicates that adopting a commercial solid waste rate schedule similar to the City of St. Augustine's would result in a significant fee increase to most City of St. Augustine Beach businesses. As such, the City of St. Augustine solid waste methodology and fee schedule may not be an exact fit for the City of St. Augustine Beach, but it does provide valuable comparative information to assist in updating the City of St. Augustine Beach's commercial solid waste fee schedule.

RECOMMENDATIONS

Review of City of St. Augustine Beach historical can counts and billing information reveals that commercial customers have great variability in the amount of solid waste generated; and that the volume generated is not necessarily dictated by the square footage of the business. With this in mind, it is recommended that historic can count data be used to estimate future billings (as opposed to square footage of the business as in the City of St. Augustine). This could be accomplished by the following:

- Require that all commercial customers purchase and use a specific number of 32, 64 or 96-gallon wheeled tippable cart(s) with hinged lid. The size and number of carts would be based upon their historical can counts.
 - Carts would be purchased from the City and be identifiable as such
 - Establish a per cart monthly fee for each size cart
 - Only carts identifiable as purchased from the City will be routinely collected
 - Unauthorized cans/carts or solid waste not in authorized carts will be logged. If unauthorized cans/carts or additional waste is logged six (6) times in a calendar year, the business customer would be required to purchase an additional cart(s).
 - Pickup of material logged as “not in a city authorized cart” would be subject to an additional pickup fee (to be determined), plus a fee based upon an equivalent cart estimate.
 - The Public Works Director will coordinate with new business (those with no can count history) to determine appropriate initial size/number of carts.
- Cart fees should be established in a way to provide a tiered structure, fair to both large and small businesses. A potential fee structure is as follows:
 - 32 gallon cart \$2.50 per week per cart (\$130 per year per cart)
 - 64 gallon cart \$5.00 per week per cart (\$260 per year per cart)
 - 96 gallon cart \$7.50 per week per cart (\$390 per year per cart)

Excluding the highest four waste producers – these should be encouraged to move to dumpster pickup – the proposed rate structure would impact the business which produce between 7 to 10 cans of waste per week as shown in Table 5 below:

Business	FY2019 COSAB Charge	96 Gal Carts Required	64 Gal Carts Required	Estimated Annual Cost)
Business 5	\$651	2	1	\$1,040
Business 6	\$890	3	1	\$1,430
Business 7	\$702	3	4	\$1,040
Business 8	\$658	3	4	\$1,040
Business 9	\$729	3	4	\$1,040
Business 10	\$811	3	5	\$1,170

Table 5 – Potential Fees for Businesses which currently generate between 7 and 10 cans per week

Business could have the option of choosing the configuration of can sizes which works best for them based upon their historic solid waste generation rates, however larger sizes should be used first. 32-gallon carts would only be available for small / non-organic waste producing businesses which have historically averaged one or less 32-gallon can per week. The lowest possible annual non-transient rental commercial rate (one 32-gallon can) would thus be \$130, plus any fees for additional services.

Transient rentals present some challenges when developing a rate schedule which fully and fairly charges for the waste volume variability. The following three (3) options exist for billing of solid waste collection services for transient rentals:

- Monthly fee (number of carts) based upon historic solid waste can counts
- Non-ad valorem assessment
- Hybrid Plan (non-ad valorem assessment plus additional fees)

A comparison of the pros and cons of transient rental options is as follows:

Monthly Fee Option

Pros

Elimination of can counting for most transient rentals
Most equitable (fee based fully upon use)
Allows adjustment to can requirements for businesses
Billing would be similar to current system
Rates can be modified as needed by Commission

Cons

Requires logging of overages for additional fees and required additional carts

Non-ad Valorem Assessment Option

Pros

Elimination of can counting and logging of overages for transient rentals
Elimination of monthly billing for transient rentals

Cons

Requires adoption of non-ad valorem assessment
Least equitable (does not address variance in waste volume)
Can only be modified annually
Higher fee to low volume transient rental waste producers
Lower fee to high volume transient rental waste producers

Hybrid Plan Option (Non-ad Valorem Assessment with Additional Fees)

Pros

- Elimination of can counting for most businesses
- Some reduction of monthly billing (depends upon additional fee structure)
- More equitable (allows additional fees to be added for higher volume producers)

Cons

- Requires adoption of non-ad valorem assessment
- Base assessment can only be modified annually
- Requires logging of overages to assess additional fees

Regardless of the option selected, it is recommended that a 64-gallon minimum cart size be required for transient rentals located in residential zoning due to the potential for missed pickups during days of non-occupancy, and the associated increased risk of nuisance animal activity.

Though a standard non-ad valorem assessment for transient rentals is the simplest and most cost-effective option, it fails to capture the variability of the solid waste volume between businesses, and would (depending upon the assessment amount) result in a fee increase to the lowest volume waste producers and a decrease in fee for the highest waste producers. Due to this consequence, the Monthly Fee Option or the Hybrid Plan Option may offer the best way to more equitably distribute the costs among transient rentals and guarantee that fees charged are proportionate with the services rendered.