



Municipal Solid Waste
Fee Schedule, New Fees, and
Rate and Service Review Report

Public Works Department
Environmental Services Division
November 6, 2024

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Part 1: Proposed Fees, New Fees, and Operational Study and Analysis

The following are the proposed monthly Residential Solid Waste fees, and new fees for services from 2025 through 2031:

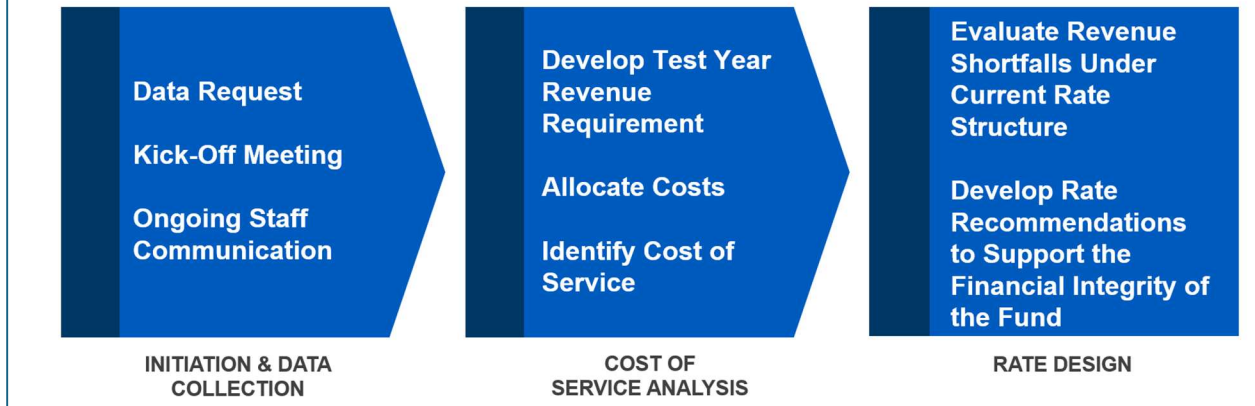
Service Rates	25-Feb	26-Dec	27-Dec	28-Dec	29-Dec	30-Dec
Single Family (96-gal)	\$26.07	\$27.11	\$28.20	\$29.33	\$30.50	\$31.72
Single Family Vacation Hold (96-gal)	\$20.00	\$20.80	\$21.63	\$22.50	\$23.40	\$24.33
Additional Trash cart (96-gal)	\$14.68	\$15.27	\$15.88	\$16.51	\$17.17	\$17.86
Additional Recycling cart (96-gal)	\$14.68	\$15.27	\$15.88	\$16.51	\$17.17	\$17.86
Single Family (In-ground Service)	\$45.67	\$47.50	\$49.40	\$51.38	\$53.43	\$55.57
Vacation Hold (In-ground Service)	\$28.28	\$29.41	\$30.58	\$31.81	\$33.08	\$34.40
Replacement Fee –Trash/Recycle carts damaged/melted (96-gal) (New)	\$30.00	\$31.20	\$32.45	\$33.75	\$35.10	\$36.50
Courtesy Cart Swap (96-gal) (New)	\$45.00	\$46.80	\$48.67	\$50.62	\$52.64	\$54.75

First rate is seen in February 2025, and will continue with increases each year starting in December 2026.

Service Review and Rate Update

The City engaged the consulting firm Burns & McDonnell (“Consultant”) to assist with a service evaluation including expected customer growth, future service demand, operational efficiency, and financial performance, and generate a report. The report, “CITY OF BUCKEYE SOLID WASTE FINANCIAL & OPERATIONAL STUDY”, is expected to be finalized by the end of the calendar year 2024. The Consultant’s analysis, market trends, and federal fund standards serve as the basis for the city to move forward with updated rates. An analysis of service levels and proposal for modernized services coincided with the expiration of the current solid waste collections contract, and assisted in determining prices for the selected bidder of the Request for Proposals RFP No. 2024135 for Solid Waste Collection Services, and extrapolating costs and revenues through the entire contract term (Figure 1- Methodology Overview).

Methodology Overview



During their analysis, the Burns & McDonnell team found:

- The City is counted as one of the fastest growing communities in the United States
- The number of households served by the residential collection program has increased at an annual growth rate of 8.4 percent per year
- In general, the Municipal Solid Waste collection programs are well run and efficient

In-service actions - the City provides:

- Single-family residential trash and recycling collection on a weekly basis through cart-based or in-ground set outs
- Bulky trash curbside collection four times per year
- Cart dispatch of new and replacement carts, as well as repair
- Household Hazardous Waste program
- Education and Outreach programs for Pollution Prevention

Resource use and cost comparisons:

The City's costs are higher than most neighboring cities, due, in part, to longer distances traveled to provide service compared to benchmark cities.

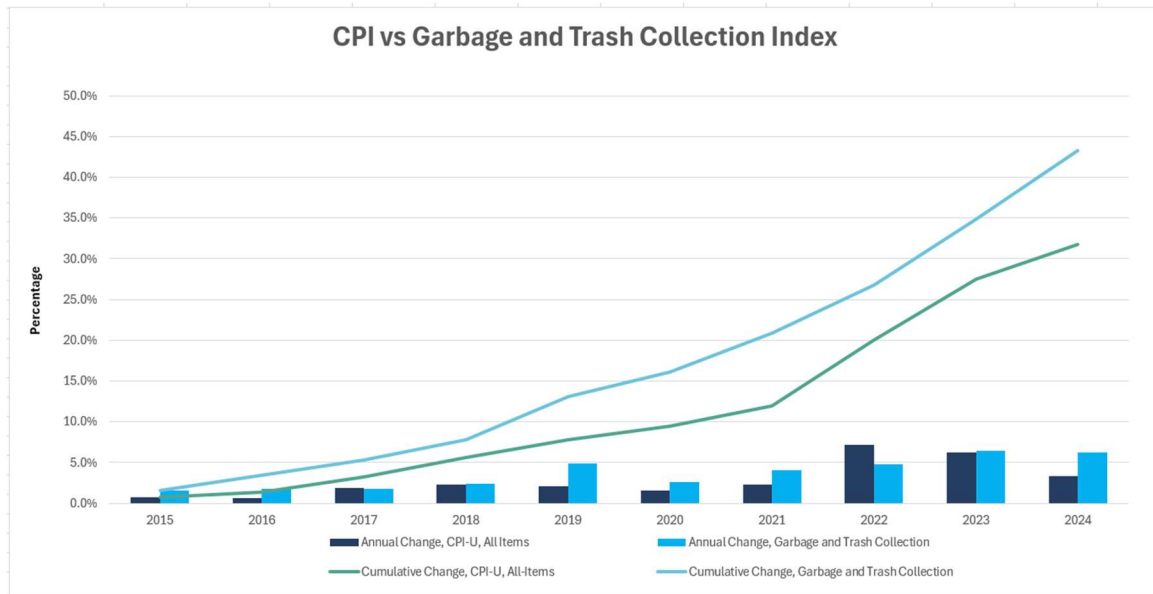
Considerations for service adjustments:

- Cost of service

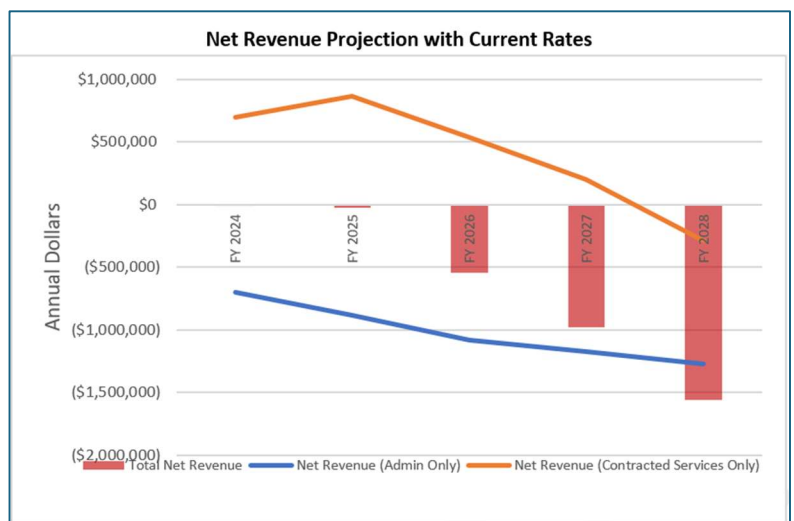
- Ensure that rate adjustments recover costs equitably between cart-based (street-level) customers and in-ground customers. In-ground services are subsidized by cart-based service fees
- Adjust rates to address customer net revenue under-recovery
- Support the Environmental Division personnel as part of the City's budgeted expenses, and increase staffing to meet the demands of population growth
- Trash and Recycle Cart Placement
 - Estimate the impact of same-day garbage and recycling collection
 - Evaluate the anticipated cost of service for in-ground customers
- Bulky Trash
 - Determine the cost of transitioning the bulky collection program to an appointment-based system
 - Consider an outreach campaign to educate the public about proper placement of bulky waste
 - Include educational follow-up with property owners who set-out bulky trash improperly
- Collection Contractor
 - Evaluate costs of having vehicles equipped with on-board technology to support service verification
- Household Hazardous Waste
 - Consider facility expansion for the Household Hazardous Waste (HHW) program, and continue to pre-screen customers to anticipate materials, labor and equipment needs, and provide safety instruction for transport and storage
 - Divert full and partially full HHW products in good condition through the existing reuse systems, and expand the reuse program

Financial Shortfalls

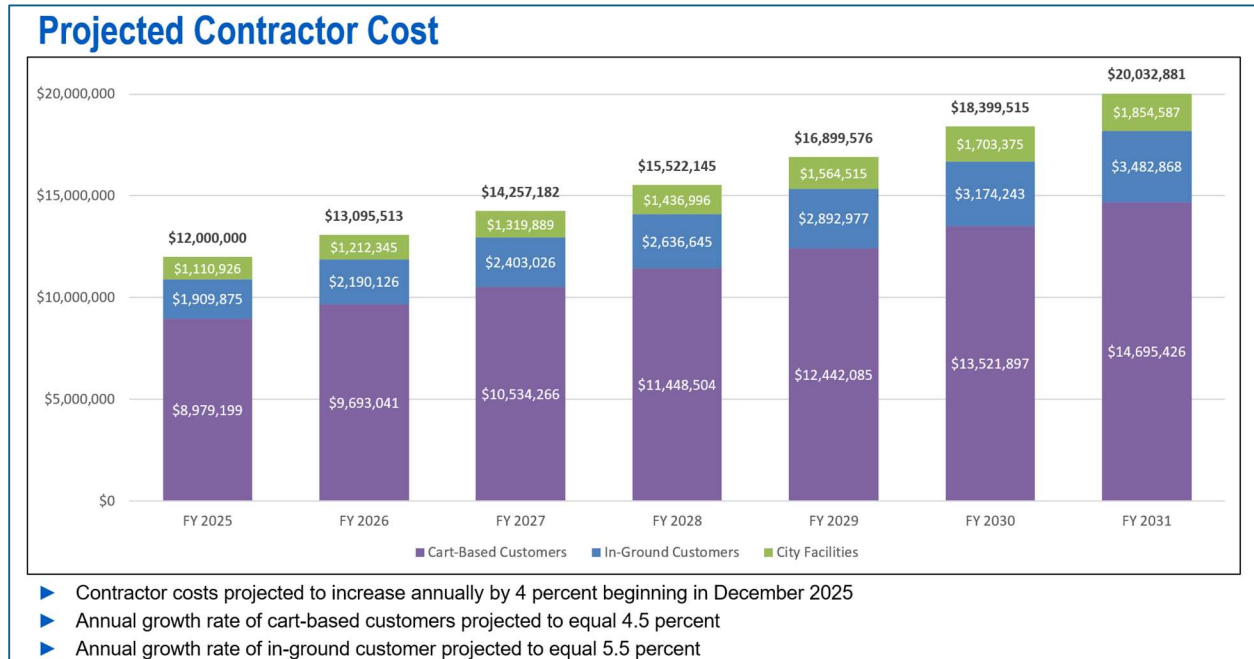
Market cost increase: The existing schedule of fees does not match the market costs for solid waste service. That is best represented in the *Garbage and Trash Collection expenditure* category of the Consumer Price Index. This index-category has had a greater change than the *Consumer Price Index for All Items*, and is more closely related to the markets associated with solid waste collection and disposal. (Figure CPI vs Garbage and Trash Collection Index)



Residential fee holds: There have been two periods of no rate increases over the last 5 years including 2019 and 2023, when municipal solid waste rates have remained stagnant, despite increasing market costs. If this rate divergence does not change, the net revenue under-recovery will substantially grow, putting significant strain on the Solid Waste programs, and requiring increasing subsidies for program functionality. (Figure Net Revenue Projection with Current Rates)



Increase costs anticipated: In an analysis of costs and resource allocations, a cost center analysis was performed, including a review of growth. With an assumption of contractor costs and resource allocations based on continued customer growth, the expenses incurred will continue to outpace the total revenue. (Figure Projected Contractor Cost)



As the solid waste service fees have surpassed the revenue, putting the Solid Waste programs into a negative fund balance, the total service costs will significantly increase year over year for the next seven years. For the Solid Waste programs to remain functional and to achieve the federally recommended 60-day fund balance in reserves, an increase in rates is needed.

Current rate: The current rate of service (Figure Current Service Rate) should have an immediate increase to support the Solid Waste programs, which currently are subsidized by the general fund. The increase should occur as soon as possible, and with an annual increase thereafter, beginning in December of 2025, to recover the necessary funds to pay for services, and begin to build and maintain a fund balance to the federally recommended reserves. Residential rates are paid in advance. Therefore, the November residential bill will represent the December rates. (Figure Service Rates)

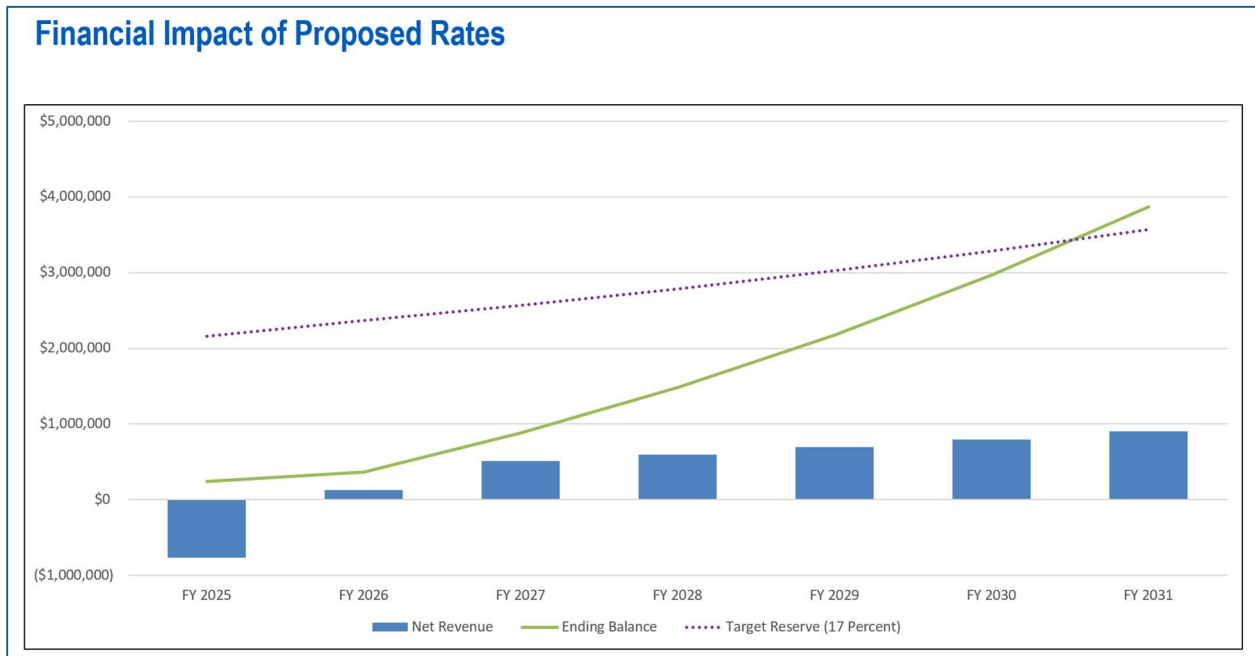
Current Service Rate	2023-2024*
96-Gallon Trash & Recycling Cart	\$22.00
Vacation Hold	\$12.50
Additional 96-Gallon Cart	\$14.68
In-Ground Trash & Recycling	\$35.35
Vacation Hold	\$19.17

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The first rate is seen in February 2025, and will continue with increases each year starting in December 2026.

These rates will allow the net revenue to steadily grow to the federal standard of 60 days fund balance, as well as maintain necessary service levels without the need for subsidies.

(Figure Financial Impact of Proposed Rates)



Opportunities and Solutions

These rates are intended to bring the Solid Waste programs to the desired financial security, and are contingent on enacting rate saving activities including switching to same-day trash and recycling collection. This would reduce overall resource use by designating all trash and recycle vehicles on the same day, as well as improve customer satisfaction by allowing one placement day of trash and recycling, instead of two.

Additionally, these rates are expected to increase field-compliance staff to provide a sufficient level of education to reduce customer set-out failure, increase customer success in proper waste flow, and reduce overall customer call-ins to the customer report centers. The proposed rates include one additional Environmental Compliance Technician each year for fiscal year 2025-2026, and 2026-2027. Reducing field staff activity by increasing the number of field staff by one full time equivalent (FTE) each year for the next two fiscal years may allow for increased field monitoring and education campaigns, reducing customer complaints for service failures through education.

Other savings may be found in the Household Hazardous Waste (HHW) program by sourcing alternative disposal methods for latex paint. Additional savings may be found by adjusting to same day collection for trash and recycling, and by-appointment bulky trash collection.

New Fees/Services

A fee assessment and service comparison was performed for residential services, and many of the following activities were common practices provided by local communities.

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Contract Requirement: The new solid waste service contract includes a requirement to charge customers who need to replace their cart due to damage including melting the cart with hot coals or fire, or other damage due to neglect or intentional acts. Additionally, residents who would like to swap out their cart during the normally expected life cycle, due

to inability to maintain the cart, may do so. Carts that are broken due to normal service wear will not be charged.

Annual Fee Escalator

To maintain operational programs, rates must follow the market costs from year to year. As the municipal solid waste contract will operate over a seven-year period, the associated fee for service will need to follow the market costs. The typical solid waste market rates may be cumulatively seen in the Garbage and Trash Collection expenditure category of the Consumer Price Index – All-Items, which accounts for items such as fuel, solid waste collection vehicles and other transport fees, and final disposal. All rates follow the average Garbage and Trash Indices 10-year average, which has been 4%. (Figure Garbage and Trash Index)

Garbage and Trash Collection Index - Annual and Cumulative Changes			
Year*	Average	Annual Change	Cumulative Change
2014	421.74		
2015	428.56	1.6%	1.6%
2016	436.11	1.8%	3.4%
2017	444.12	1.8%	5.3%
2018	454.65	2.4%	7.8%
2019	477.10	4.9%	13.1%
2020	489.71	2.6%	16.1%
2021	509.87	4.1%	20.9%
2022	534.50	4.8%	26.7%
2023	568.79	6.4%	34.9%
2024	604.31	6.3%	43.3%
5-Year Average		4.85%	
10-Year Average		3.68%	
*Twelve-month period ending June			

Part 2: Schedule of Activities and Definitions

Rate Adjustment, Schedule of Activities:

November 6, 2024:

- File a copy of the Report with the Clerk's Office.
- Post the Report on the homepage of the City's website, together with written notice of the proposed increase.

December 20, 2024:

- Post the Notice of Intent (NOI) on City's website.
- Distribute the NOI through the City's social media accounts or other electronic communication tools.

January 7, 2025:

- Council to consider adopting Resolution (New Business/Non-Consent).

February 6, 2025:

- Resolution becomes effective (See Ariz. Revised Statutes § 9-142; City code § 2-5-5).

Definitions:

“Report” means: (1) a schedule of the proposed increased fee that includes the amount of the fee and (2) a written report or data that supports the increased fee.

“NOI” (Notice of Intent) means: (i) a written notice that includes the date, time and place of the City Council Meeting that the proposed increased fee will be considered, and (ii) a statement that a schedule of the proposed increased fee that includes the Report is available on the municipality's website.