

Agenda Information Sheet

DEPARTMENT: Solid Waste & Recycling

CM/ ACM: Jon Fortune

Date: February 27, 2017

SUBJECT

..Title

Receive a report and hold a discussion regarding the proposed FY 2018 Solid Waste & Recycling Materials Forecast, which is utilized in preparing the Fiscal Year 2018 Solid Waste & Recycling Annual Budget and FY 2018 - 2022 Capital Improvement Program.

..Body

BACKGROUND

Annually staff prepares a Solid Waste & Recycling Materials Forecast to support the development of the upcoming fiscal year operating budget and five year Capital Improvement Program (CIP) period. The exhibit attached, FY 2018 Solid Waste & Recycling Materials Forecast, provides the materials forecast documentation which supports the FY 2018 Solid Waste operating budget, the FY 2018 - 2022 five year Capital Improvement Program and the long range capital requirements that extend beyond the five year planning period. In preparing the Materials Forecast, staff reviews industry analyst economic and growth forecast data, Denton's historical data and trends, anticipated construction activity, and potential annexations during the planning period.

The municipal solid waste (MSW) materials and commodity tonnages are reviewed, analyzed, and then forecasted utilizing growth projections and future planned program development. The forecasted quantities of materials handled, disposed, recycled, processed, and diverted will provide the basis for the development of the FY 2018 departmental operating budget and ongoing and future Capital Improvement Projects planned for development.

During Fiscal Year 2017 the Department plans to begin landfill mining operations. Materials forecasted to be recovered from the mining operations are include within the recycled and diversion totals of the FY 2018 SW&R Materials Forecast.

Summaries of the actual FY 2016, the projected end of FY 2017, and forecasted FY 2018 materials tonnages are provided below. Additional detail information is available in the attached forecast exhibit.

	Actual	Projection	Forecast	Year
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>over Year</u>
				<u>Change</u>
Gross Tons Handled	386,040	421,926	458,470	8.7%
Recycled Tons	113,744	141,004	172,935	22.6%

For FY 2018 the gross tons handled by Solid Waste Departmental staff is forecasted to be approximately 458,500 tons, with approximately 173,000 tons recycled, which generates a diversion rate of approximately 37% within Denton's service area. The materials growth forecasted, diverted, and recycled will vary as a result of many factors, including but not limited to national business programs, local business economic factors (employment, construction, and business activity), product packaging, highway traffic congestion, and unknown and unanticipated events related to customer's operations, and other service providers operating within the region.

OPTIONS

Discussion, guidance, and direction from the Public Utilities Board is requested.

RECOMMENDATION

Staff has prepared and recommends approval of the FY 2018 Solid Waste & Recycling Materials Forecast.

ESTIMATED SCHEDULE OF PROJECT

The Solid Waste & Recycling Materials Forecast supports the proposed FY 2018 Operating Budget and five year Capital Improvement Program period.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Sustainable & Environmental Stewardship

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. FY 2018 SW&R Materials Forecast Presentation

Respectfully submitted:
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General Manager
Solid Waste & Recycling Department

Prepared by:
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Development & Administrative Manager
Solid Waste & Recycling Department

Fiscal Year 2018 Solid Waste & Recycling Materials Forecast



**PUBLIC UTILITIES BOARD
FEBRUARY 27, 2017**

Background & Assumptions

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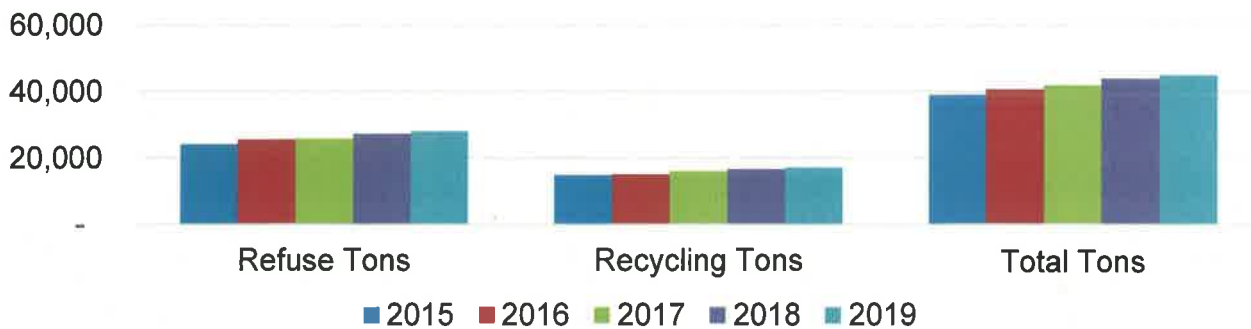
- Residential growth based on building permits and historical growth patterns.
- Commercial growth based on development review project projections and historical growth information.
- Landfill growth is based on residential and commercial growth within the City and forecasted private volumes.
- Five year historical revenue forecasts versus actual revenues are 0.52% higher than budgeted.
- Five year historical expense forecasts versus actual expenses are 0.84% lower than budgeted.

Residential Collection Services

Refuse and Recycling

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Fiscal Year	Monthly Average Customer	Refuse Cart Tons	Recycling Cart Tons	Yard Waste	Total Tons	Recycle %
2015	29,491	24,110	7,625	7,171	38,906	38.0%
2016	30,288	25,338	8,153	6,909	40,400	37.3%
2017	31,661	25,821	8,523	7,461	41,804	38.2%
2018	32,516	27,135	8,909	7,662	43,706	37.9%
2019	33,394	27,868	9,150	7,869	44,886	37.9%

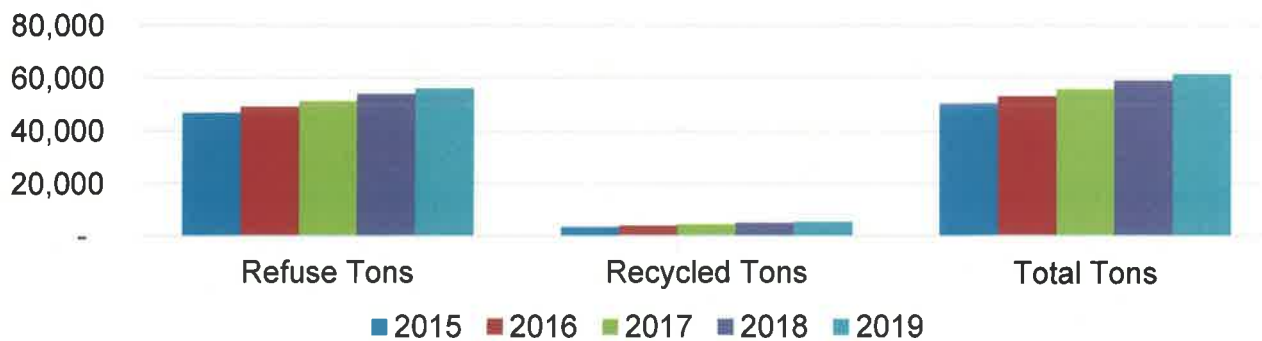


Commercial Collection Services

Front & Side Load Service

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Fiscal Year	Refuse Containers in Field	Recycling Containers in Field	Refuse Tons	Recycled Tons	Total Tons	% Recycled Tons
2015	2,481	334	46,845	3,533	50,378	7.0%
2016	2,658	440	49,069	3,790	52,859	7.2%
2017	2,768	500	51,293	4,360	55,653	7.8%
2018	2,878	555	53,986	4,883	58,868	8.3%
2019	2,988	610	56,049	5,405	61,454	8.8%



Solid Waste & Recycling Services Materials Forecast Summary

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	Actual 2016	Forecast 2017	Forecast 2018	Forecast 2019
Materials Tons Managed				
COD Residential Refuse	40,448	41,853	43,846	45,223
COD Commercial Refuse	88,218	93,345	100,115	105,674
Facility Customers	257,374	286,728	314,509	345,920
Total Annual	386,040	421,926	458,470	496,818
Recycled & Diverted Tons				
Residential Curbside	8,153	8,523	8,909	9,150
Commercial Recycling	3,790	4,360	4,883	5,405
Building Materials Recovery	1,869	2,019	2,180	2,354
Asphalt / Concrete	70,800	77,880	85,668	94,235
Household Chemical Collection	46	47	138	335
Drug Kiosk	2	2	2	2
Sludge (Dry)	3,713	3,899	4,094	4,298
Organics (Foods)	487	543	605	674
Total Yard Waste Tons	24,884	26,223	26,931	27,658
Mining Materials Recovered	-	17,510	39,527	39,610
Recycled & Diverted Tons	113,744	141,004	172,935	183,721
	29.5%	33.4%	37.7%	37.0%
Landfilled Tons	276,009	302,330	329,155	357,005

Revenue Sources Forecasts

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Pratt Recycling Agreement Fees	\$ 33,480
Public Education Fees	\$ 58,000
Tenant Agreements:	\$142,000
American Biodiesel, Opala, Denton Municipal Electric	
Denton Power, LLC (DTE):	\$157,500
Renewable Energy Power Sales	
Soil & Rock Sales	\$350,000

Reserves

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	Solid Waste & Recycling
Working Capital	8%
Operating Reserves	6-10%
Total	14-18%
Operating Days	(52-66 days)

- Working capital ("WC") provides liquidity for payables and payment cycles. Funds above this level are applied to the operating reserve.
- Operating reserves ("OR") help managing expense and demand volatility, cover emergencies, and improve overall resiliency. In general, Funds with more stable revenue collection can consider lower OR targets.
- As outlined in the Utilities Financial Strategies, Funds above operating reserves may be used for debt reduction payments, one-time capital expenses, capital funding using cash, or various rate increase mitigation strategies.

Questions ?



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