



Solid Waste & Recycling Department

FY 2017-18 Budget Presentation



Solid Waste & Recycling Department FY16-17 Accomplishments

- Expanded alternative fuels facility (estimated completion Fall 2017)
 - Compressed Natural Gas (CNG), currently \$0.50 per gallon equivalent less than diesel
- Began current landfill cell construction (estimated completion 2017)
 - Estimated life of cell 10 years
- Grants: Public CNG Fueling Station - \$600,000; Home Chemical Center - \$195,000; Mining Equipment - \$200,000
- Fully compliant with Texas Commission on Environmental Quality regulations
- Expanded multifamily recycling services
 - Added 38 accounts calendar year to date (increased participation rate from 28% to 36%)



Solid Waste & Recycling Department FY17-18 Goals

- Building Materials Recovery (BMR) program 7% increase from FY16-17
- Mining operations to process 216,000 cubic yards (3.0M cubic yards)
- Improve efficiencies and information management via fleet software
- Reduce preventable accidents by 10% from previous year
- Continue to refine business plan for Regional Household Chemical Center



Solid Waste & Recycling Department Performance Measures

Current

- Residential refuse and recycling tonnage
- Commercial refuse and recycling tonnage
- Pounds disposed per capita

Proposed

- Increase Commercial Recycling accounts
- Track cubic yards processed in mining operations
- Achieve optimal waste compaction in Landfill operation
 - 1,100-1,200 pounds per cubic yard
 - Optimal density to break down materials for methane gas recovery



Solid Waste & Recycling Department Cost Containment Strategies

- Reduced FY16-17 CIP by \$9.4 M
 - Annual debt service savings of \$1.1M
- Transitioned construction crew (7 FTEs) to mining operations
- Reduced O&M expenses FY16-17 to FY17-18 by \$620,294
 - Fuel, outside contract services, vehicle maintenance
- Eliminated 2 FTEs (savings of \$202,625)
- Reduced communications service and equipment expense by \$175,000 over five years



Solid Waste & Recycling Department Process Improvements

Current

- Reduce landfill turn-around time
 - Complete the outbound scale and bypass lane construction
- Improve materials forecasting, budgeting, and CIP processes

Future

- Improve accounting and information management processes
 - Paradigm software upgrade, fleet management software
- Collaborate with Fleet Services to reduce vehicle maintenance costs



Solid Waste & Recycling Department Future Risks and Mitigation

- Mining Operations
 - Expenses offset by airspace recovery and materials sales
- Moseley Road Landfill
 - Funding of \$6.4 M (\$3.2 M available, \$3.2 M in FY17-18 CIP)
 - Evaluation of options underway
- Final approval of Municipal Solid Waste Permit Amendment
 - Public notice phase
 - Regulatory requirements
- Landfill wholesale customers (external from city)
 - Analyzing need for contractual agreements



Solid Waste & Recycling Department Assumptions

- Revenue growth based on historical trends and customer data
- Rates based on cost of service
- Minimum debt coverage ratio of 1.25
- Vehicle and equipment funding goals
 - Heavy Duty 50% revenue funded
 - Light Duty 100% revenue funded
- No rate increases proposed for FY17-18 through FY20-21
- Potential increased expenses for new programs (Regional HCC, mining, and alternative fueling)



Solid Waste & Recycling Department Updated Forecast Growth

	FY 2018 Original	FY 2018 Updated
Residential Customer Growth	32,516	32,412
Commercial FL / SL Refuse	5.8%	4.7%
Commercial Roll-Off Tons	9.4%	7.4%
Landfill Retail Tons	15.0%	11.0%
Landfill Wholesale Tons	3.5%	3.5%



Solid Waste & Recycling Department Revenues

Revenues	FY 2015-16 Actuals	FY 2016-17 Budget	FY 2016-17 Estimate	FY 2017-18 Proposed
ASSET SALES AND INTEREST INCOME	1,778,409	405,050	414,550	457,550
RESIDENTIAL COLLECTION SERVICES	11,374,857	12,033,115	12,129,201	12,216,239
COMMERCIAL COLLECTION SERVICES	14,196,533	15,436,305	15,171,763	16,127,039
LANDFILL GATE AND MATERIAL SALES	5,175,525	7,422,374	6,509,926	6,582,033
SALE OF PROCESSED RECYCLABLE MATERIALS	139,705	1,288,077	1,096,497	1,803,312
MISCELLANEOUS (RENTAL PROPERTY)	195,658	209,430	180,295	262,295
ALTERNATIVE FUELING STATION	0	56,025	94,874	569,556
USE OF RESERVES	0	0	0	511,510
Total	\$32,860,687	\$36,850,376	\$35,597,106	\$38,529,534

Solid Waste & Recycling Department Expenditures

Expenses	FY 2015-16 Actuals	FY 2016-17 Budget	FY 2016-17 Estimate	FY 2017-18 Proposed
PERSONAL SERVICES	9,811,577	11,397,799	11,081,493	11,683,418
MATERIALS & SUPPLIES	539,362	577,275	513,043	525,355
MAINTENANCE & REPAIR	552,345	538,715	689,875	671,275
INSURANCE	194,245	224,503	224,503	233,631
FRANCHISE FEE	1,576,872	1,808,587	1,779,855	1,900,901
LANDFILL CLOSURE / POST CLOSURE	398,073	265,541	265,541	378,757
MISCELLANEOUS	63,193	68,750	72,010	74,400
OPERATIONS	5,975,696	7,925,921	7,239,087	7,624,367
FIXED ASSETS	162,352	641,500	31,500	7,500
DEBT SERVICE	7,325,342	8,140,351	8,082,424	9,698,967
GENERAL FUND TRANSFER	959,636	965,128	965,128	1,200,687
OTHER TRANSFERS	1,580,791	1,732,892	1,730,392	1,765,318
TRANSFER TO CAPITAL PROJECTS	2,050,489	2,527,500	2,527,500	2,763,510
Total	\$31,189,973	\$36,814,463	\$35,202,352	\$38,528,086
FTEs	FY 2015-16 Actuals	FY 2016-17 Budget	FY 2016-17 Estimate	FY 2017-18 Proposed
Regular	124.5	135.5	134.5	132.5
Temporary/Seasonal	0.0	0.0	0.0	0.0
Total Personnel	124.5	135.5	134.5	132.5

Solid Waste & Recycling Department

5 Year Capital Plan

Categories	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
ADMINISTRATION (SOFTWARE AND UPGRADES)	300,000	0	0	0	0	300,000
RESIDENTIAL COLLECTION CARTS	550,000	300,000	300,000	300,000	300,000	1,750,000
COMMERCIAL COLLECTION CONTAINERS	650,000	400,000	450,000	450,000	450,000	2,400,000
LANDFILL INFRASTRUCTURE	3,575,000	2,425,000	825,000	1,675,000	1,125,000	9,625,000
MOSELEY LANDFILL AND FACILITY IMPROVEMENTS	3,911,510	600,000	200,000	200,000	200,000	5,111,510
OFF ROAD HEAVY EQUIPMENT	882,000	1,725,000	2,700,000	1,500,000	1,580,000	8,387,000
REFUSE AND OTHER VEHICLES	1,747,000	2,998,000	2,766,000	2,927,000	2,760,000	13,198,000
Total	\$11,615,510	\$8,448,000	\$7,241,000	\$7,052,000	\$6,415,000	\$40,771,510
Funding						
NEW C.O. LONG TERM (20 YR)	4,575,000	1,775,000	425,000	1,125,000	1,225,000	9,125,000
NEW C.O. MEDIUM TERM (10 YR)	1,050,000	900,000	250,000	1,100,000	250,000	3,550,000
NEW C.O. SHORT TERM (5 YR)	3,391,000	3,736,000	4,369,000	2,148,000	2,100,000	15,744,000
REVENUE FUNDING	2,599,510	2,037,000	2,197,000	2,679,000	2,840,000	12,352,510
Total	\$11,615,510	\$8,448,000	\$7,241,000	\$7,052,000	\$6,415,000	\$40,771,510

Solid Waste & Recycling Department 5 Year Forecast – Zero Rate Increase

				Actual	Budget	Projection					
				FY 2016	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (x 1,000)											
Collection Services Revenue				\$24,741	\$26,558	\$26,385	\$27,469	\$28,604	\$29,577	\$30,398	\$31,154
Other Revenues				\$8,120	\$10,292	\$9,212	\$10,038	\$11,976	\$11,669	\$12,263	\$12,750
	Subtotal			\$32,861	\$36,850	\$35,597	\$38,018	\$40,580	\$41,246	\$42,661	\$43,904
Planned Use of Reserves *				\$0	\$0	\$0	\$512	\$0	\$0	\$0	\$0
	TOTAL REVENUES			\$32,861	\$36,850	\$35,597	\$38,530	\$40,580	\$41,246	\$42,661	\$43,904
Expenditures (x 1,000)											
O&M				\$17,136	\$20,733	\$19,820	\$20,812	\$22,158	\$22,999	\$23,940	\$25,042
Fixed Assets				\$2,213	\$3,169	\$2,559	\$2,771	\$2,141	\$2,234	\$2,718	\$2,981
Transfers (Internal and External)				\$2,540	\$2,698	\$2,696	\$2,966	\$3,050	\$3,137	\$3,426	\$3,588
Franchise Fee				\$1,577	\$1,809	\$1,780	\$1,901	\$1,999	\$2,062	\$2,133	\$2,195
Debt Service				\$7,325	\$8,140	\$8,082	\$9,699	\$10,367	\$10,876	\$10,413	\$9,900
Closure/Post-Closure				\$398	\$266	\$266	\$379	\$374	\$392	\$409	\$428
	TOTAL EXPENSES			\$31,190	\$36,814	\$35,202	\$38,528	\$40,089	\$41,700	\$43,039	\$44,134
	Net Income			\$1,671	\$36	\$395	\$1	\$491	(\$454)	(\$378)	(\$230)
Rate Increases				3%	2%	2%	0%	0%	0%	0%	0%
RESERVE BALANCES											
Wrkg Cptl + Op Reserve				\$7,751	\$6,081	\$8,146	\$8,147	\$8,638	\$8,184	\$7,806	\$7,577
Number of Working Days (Target 52-66 Days)				91	60	84	77	79	72	66	63
Closure/Post-Closure Fund				\$7,381	\$7,044	\$7,699	\$8,137	\$7,973	\$8,430	\$8,908	\$9,409
Debt Coverage Ratio				1.75	1.62	1.59	1.48	1.45	1.35	1.43	1.50
*Includes one-time transfer of \$511,510 related to property purchase proceeds from Solid Waste acreage sold to Denton Municipal Electric for future substation.											

Solid Waste & Recycling Department 5 Year Forecast – Proposed 1.0% increase in FY 21-22

				Actual	Budget	Projection					
				FY 2016	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues (x 1,000)											
Collection Services Revenue				\$24,741	\$26,558	\$26,385	\$27,469	\$28,604	\$29,577	\$30,398	\$31,465
Other Revenues				\$8,120	\$10,292	\$9,212	\$10,038	\$11,976	\$11,669	\$12,263	\$12,781
	Subtotal			\$32,861	\$36,850	\$35,597	\$38,018	\$40,580	\$41,246	\$42,661	\$44,246
Planned Use of Reserves *				\$0	\$0	\$0	\$512	\$0	\$0	\$0	\$0
	TOTAL REVENUES			\$32,861	\$36,850	\$35,597	\$38,530	\$40,580	\$41,246	\$42,661	\$44,246
Expenditures (x 1,000)											
O&M				\$17,136	\$20,733	\$19,820	\$20,812	\$22,158	\$22,999	\$23,940	\$25,043
Fixed Assets				\$2,213	\$3,169	\$2,559	\$2,771	\$2,141	\$2,234	\$2,718	\$2,981
Transfers (Internal and External)				\$2,540	\$2,698	\$2,696	\$2,966	\$3,050	\$3,137	\$3,426	\$3,588
Franchise Fee				\$1,577	\$1,809	\$1,780	\$1,901	\$1,999	\$2,062	\$2,133	\$2,212
Debt Service				\$7,325	\$8,140	\$8,082	\$9,699	\$10,367	\$10,876	\$10,413	\$9,900
Closure/Post-Closure				\$398	\$266	\$266	\$379	\$374	\$392	\$409	\$428
	TOTAL EXPENSES			\$31,190	\$36,814	\$35,202	\$38,528	\$40,089	\$41,700	\$43,039	\$44,152
	Net Income			\$1,671	\$36	\$395	\$1	\$491	(\$454)	(\$378)	\$93
Rate Increases				3%	2%	2%	0%	0%	0%	0%	1%
RESERVE BALANCES											
Wrkg Cptl + Op Reserve				\$7,751	\$6,081	\$8,146	\$8,147	\$8,638	\$8,184	\$7,806	\$7,900
Number of Working Days (Target 52-66 Days)				91	60	84	77	79	72	66	65
Closure/Post-Closure Fund				\$7,381	\$7,044	\$7,699	\$8,137	\$7,973	\$8,430	\$8,908	\$9,409
Debt Coverage Ratio				1.75	1.62	1.59	1.48	1.45	1.35	1.43	1.53
*Includes one-time transfer of \$511,510 related to property purchase proceeds from Solid Waste acreage sold to Denton Municipal Electric for future substation.											

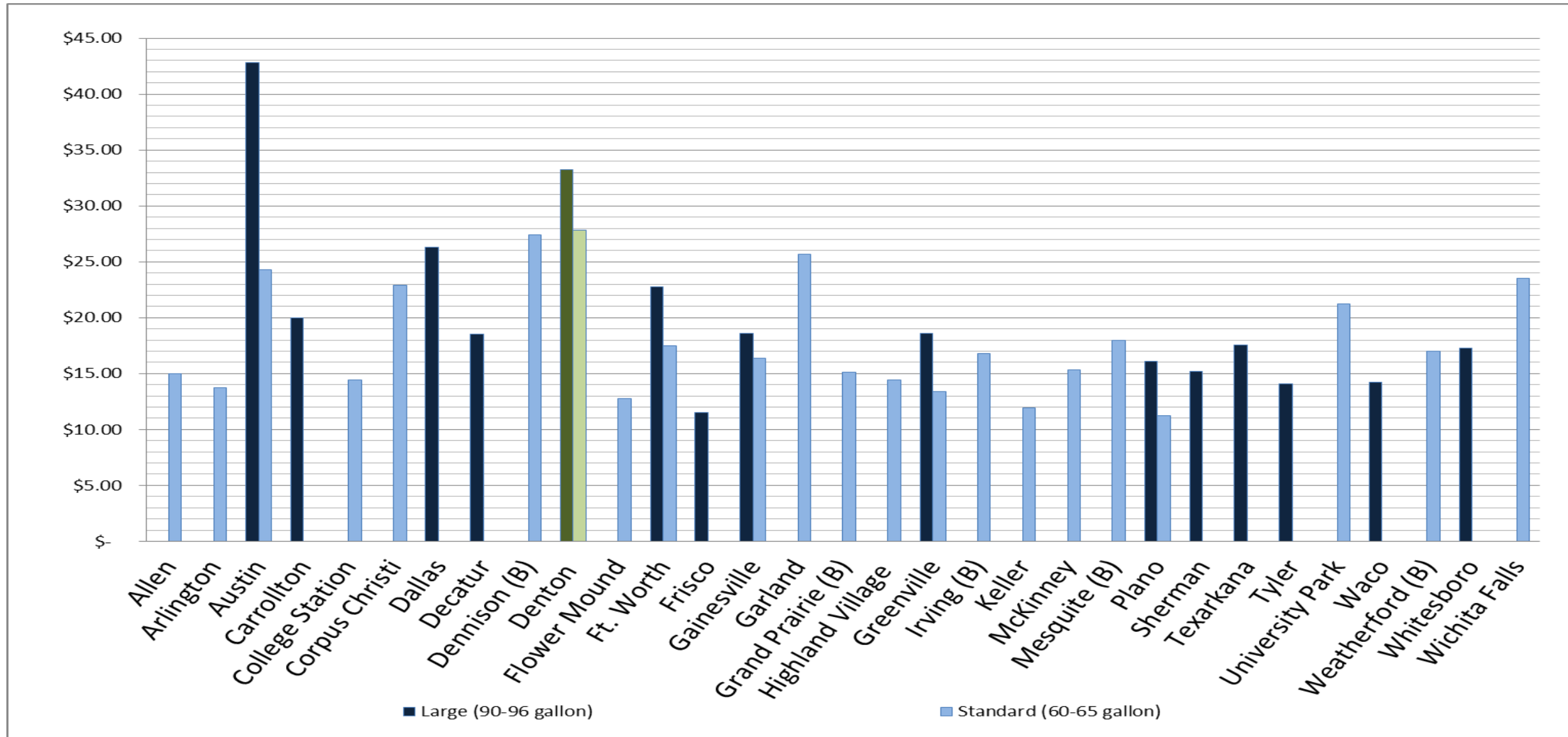
Solid Waste and Recycling Department 5 Year Rate Forecast-Proposed

- In the zero rate increase scenario, rates remain zero for the 5 year term, FY17-18 through FY21-22.
- The proposed rate increases of 1% in FY21-22 are shown below.

Rate Class	FY 2018 – 2021	FY 2022
Residential Rate – Standard Cart	\$27.85	\$28.15
Residential Rate – Large Cart	\$33.25	\$33.55
Commercial Refuse Dumpster	0.0%	1.0%
Commercial Recycling Dumpster	0.0%	1.0%
Commercial Open Top & Compactor	0.0%	1.0%
Landfill Gate Rate \$ / ton	\$44.00	\$44.00
Landfill Commercial Rate \$/ ton	\$23.00	\$23.25



Residential Rate Comparison





Solid Waste & Recycling Department

Questions / Comments

