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Finance and Records

MEMO

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: July 12, 2016 (As Updated July 19, 2016)
Re: Chamber Commercial Dumpster Committee Recommendation

Introduction and Background:

In the spring of 2016, Finance staff, working with Refuse Collection staff, completed a review of the City's Refuse Collection accounts with dumpsters. This review included tracking actual waste volume, staff time, and miles driven for a one week period. Based on the week tracked, it was found that while dumpster pickup stops are 1.93% of the total refuse collection stops, the waste picked up from the dumpster accounts account for an estimated 16% of the total waste volume picked up by the Refuse division. From the week tracked, it was also estimated that direct costs for tipping fees, staff time, and fuel exceeded revenues from these accounts by an estimated \$63,000 annually.

City staff gave an overview of the results of the commercial dumpster account review at the May 12, 2016 In Depth meeting. This overview included an initial proposed rate schedule which would fund direct costs for the commercial dumpster service and also fund an allocation of indirect costs for vehicle maintenance, dumpster depreciation, and Refuse division overhead costs. It was noted as part of the presentation that the initial proposed rate schedule would result in significant increases for many of the current customers and that those customers have the option to use private refuse haulers in lieu of the City's services.

It was also noted that with the potential loss of a portion of the commercial dumpster customers, waste volume would likely be reduced which would also have an impact on the Transfer Station and Landfill funds. With the potential impact to the Landfill waste volume, it was recommended at the May 12 meeting that the proposed new rates be reviewed by a Chamber Committee which would include members of the Chamber Landfill Committee.

Chamber Committee Review and Recommendations:

The Chamber asked several current Landfill Committee members and also several business owners that use the City's refuse service to be part of a new Committee that would review the proposed new rate schedule for commercial dumpster accounts.

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

The new committee first met on June 17 and reviewed the Power Point presented to City Council, related backup information, and the initial proposed rate schedule. There was discussion of the significant increases to many of the customers based on the initially proposed rates and the Committee requested alternate schedule(s) to consider which would reduce the increases.

Finance staff did an analysis of several different rate scenarios and found one that seemed to best address the Committee's request and that would also cover the City's direct costs of providing the commercial dumpster services. The proposed new rate schedule was reviewed with the Committee at their next meeting on July 8th. This rate schedule was based on 80% of the original rates and also allowed for a 25% fee reduction for the 2nd or 3rd dumpsters for businesses with multiple dumpsters. Under this schedule, revenues would be increased by an estimated \$65,800 which would bring revenues to a level that would cover the direct costs of providing this service. It was noted that this proposed schedule would not fund the allocation of indirect costs as was proposed in the original schedule, but it would ease the immediate impact of the overall rate increase and would be less likely to result in a significant reduction in the number of commercial customers and waste volume.

After discussion at the July 8th meeting, the Committee recommended the following:

1. The consensus of the group was to recommend the new rate schedule be implemented by the City.
2. Prior to the rate schedule being implemented, the City will provide 60-90 days' notice to the current customers.
3. The City will work with customers to assist in their efforts to right size their dumpsters.
4. The City will look into, with the intent to provide, greater access to cardboard recycling containers. This will be undertaken since a portion of the waste currently generated is recyclable, and if recycled, could result in reduced dumpster space used for waste.

Summary:

As noted in the presentation at the May 12 In Depth meeting and also at the July 14 In Depth meeting, the City Code provides that City Council establishes guidelines for collection fees to commercial customers. It is requested that City Council approve by motion the rate schedule recommended by the Chamber Committee as the guideline for rates for commercial customers with dumpsters. It is further recommended that these accounts and the rate structure be reviewed again a year after the new rate guidelines are implemented.

Please include this request on the agenda for the July 21 meeting. Let me know if you have any questions or need additional information.

**City of Muscatine
Refuse Collection
Proposed Commercial Dumpster Rate Table at 80%**

Size of Dumpster	Number of Pickups per Week				
	1	2	3	4	5
2-Yard	\$ 53	\$ 102	\$ 150	\$ 199	\$ 248
3-Yard	\$ 64	\$ 123	\$ 182	\$ 242	\$ 301
4-Yard	\$ 75	\$ 145	\$ 214	\$ 284	\$ 354

*Rates are shown at 80% of the original rates proposed by the City

Multiple Dumpsters:

Size of Dumpster	Number of Pickups per Week				
	1	2	3	4	5
2-2 Yard (x1.75)	\$ 92	\$ 178	\$ 263	\$ 349	\$ 434
3-2 Yard (x2.5)	\$ 132	\$ 254	\$ 376	\$ 498	\$ 620
2-3 Yard (x1.75)	\$ 112	\$ 216	\$ 319	\$ 423	\$ 526
3-3 Yard (x2.5)	\$ 160	\$ 308	\$ 456	\$ 604	\$ 752
2-4 Yard (x1.75)	\$ 132	\$ 253	\$ 375	\$ 497	\$ 619
If Multiple Sizes***	TBD	TBD	TBD	TBD	TBD

* Rates for two containers are shown as 1.75 times the price for one container

** Rates for three containers are shown as 2.50 times the price for one container

*** Rates for customers with multiple sizes - full rate for largest container and 75% for all others