

Memorandum



CITY OF DALLAS

DATE April 1, 2016

TO Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Deputy Mayor Pro Tem Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Sanitation Services: Enterprise Fund Overview

On Monday, April 4, 2016, the Budget, Finance & Audit committee will be briefed on Sanitation Services: Enterprise Fund Overview. The briefing is attached for your review.

Please contact me if you have any questions or require additional information.

A handwritten signature in blue ink that reads "Joey Zapata".

Joey Zapata
Assistant City Manager

Attachment

c: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council



Sanitation Services: Enterprise Fund Overview

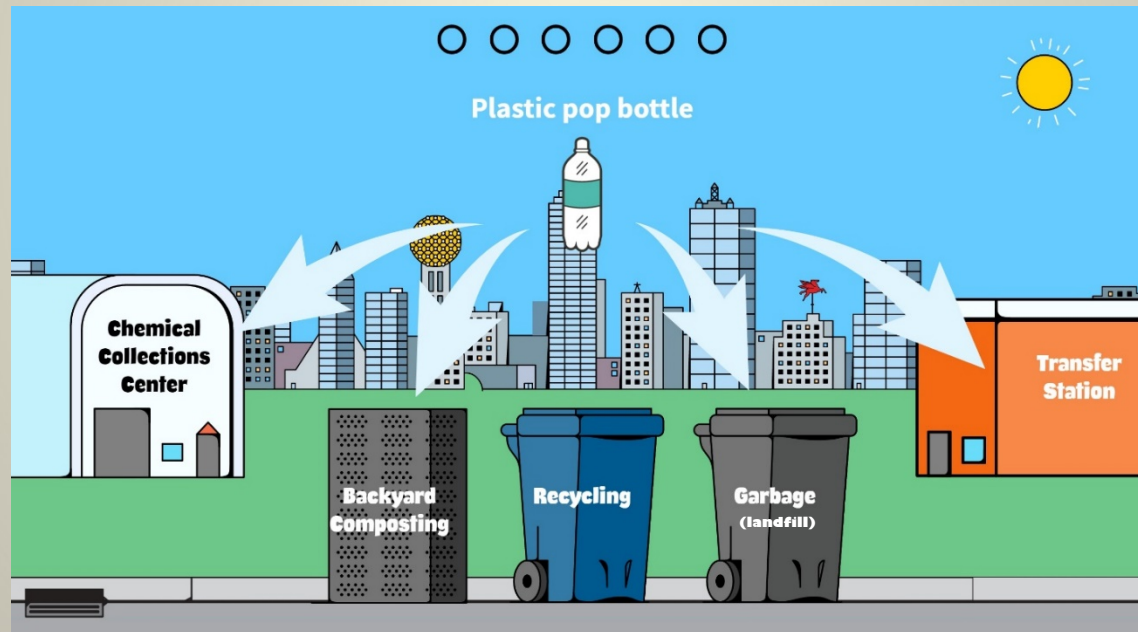
April 4, 2016

Budget, Finance & Audit Committee



Briefing Purpose

- To provide an overview of the Sanitation Services Department



Outline

- Mission Statement
- Background
- Overview of Services
- Operational Scope
- Budget Overview
- Funding Outlook
- Business Planning
- Appendix
 - Additional Operational Service Detail
 - Other Cities Comparisons



Sanitation Services

To benefit our community and environment while garnering benefit from our waste resources by providing excellent customer services that promote waste reduction, resource recovery, and support to the City of Dallas sustainability efforts.



Background

- In FY 2015-16 Council established Sanitation Services as a Enterprise Fund Department
 - More consistent with other municipalities
 - Owned and operated by the City of Dallas
 - Self-supported by residential sanitation fees, commercial fees and cash customers who utilize our collection services or disposal services



Overview of Sanitation Services

- Sanitation Services proudly provides the following solid waste services for the City of Dallas:
 - Weekly residential refuse and recycling collection
 - Monthly residential bulk & brush collection
 - Refuse and recycling collection at over 220 City facilities
 - Manages collection contract with Dallas County for Household Hazardous Waste collection and disposal
 - Citywide dead animal collection (7 days/week)



Overview of Sanitation Services (continued)

- Manages and disposes of residential and commercial solid waste at the City's McCommas Bluff Landfill
- Operates three City transfer stations: Bachman, Fair Oaks and Westmoreland
- Manages service contracts for recycling processing, as well as compactor, roll-off container and dumpster collection
- Provides waste diversion education, outreach and oversight of the City's Local Solid Waste Management Plan (Zero Waste Plan)



Scope of Services



Residential Collection Services Scope

- The Department provides services to approximately 240,000 residential homes:
 - Over 110 routes daily for residential refuse and recycling collection
 - 100,000 service opportunities per day or 21M opportunities annually
 - 7,500 miles driven a day or 1.5 million miles annually
 - Monthly Bulk and Brush collection
 - Four weekly collections (~60,000 service opportunities each collection week)
 - 2.8M service opportunities annually
 - Over 200 pieces of collection equipment utilized daily
 - 70 Rear Loader Collection Trucks
 - 50 Automated Collection Trucks
 - 31 Roto-booms (Grapple Trucks)
 - 52 Brush Trucks and Trailers
- Collects annually approximately:
 - 230,000 tons of residential refuse
 - 165,000 tons of bulk & brush
 - 55,000 tons of recycling



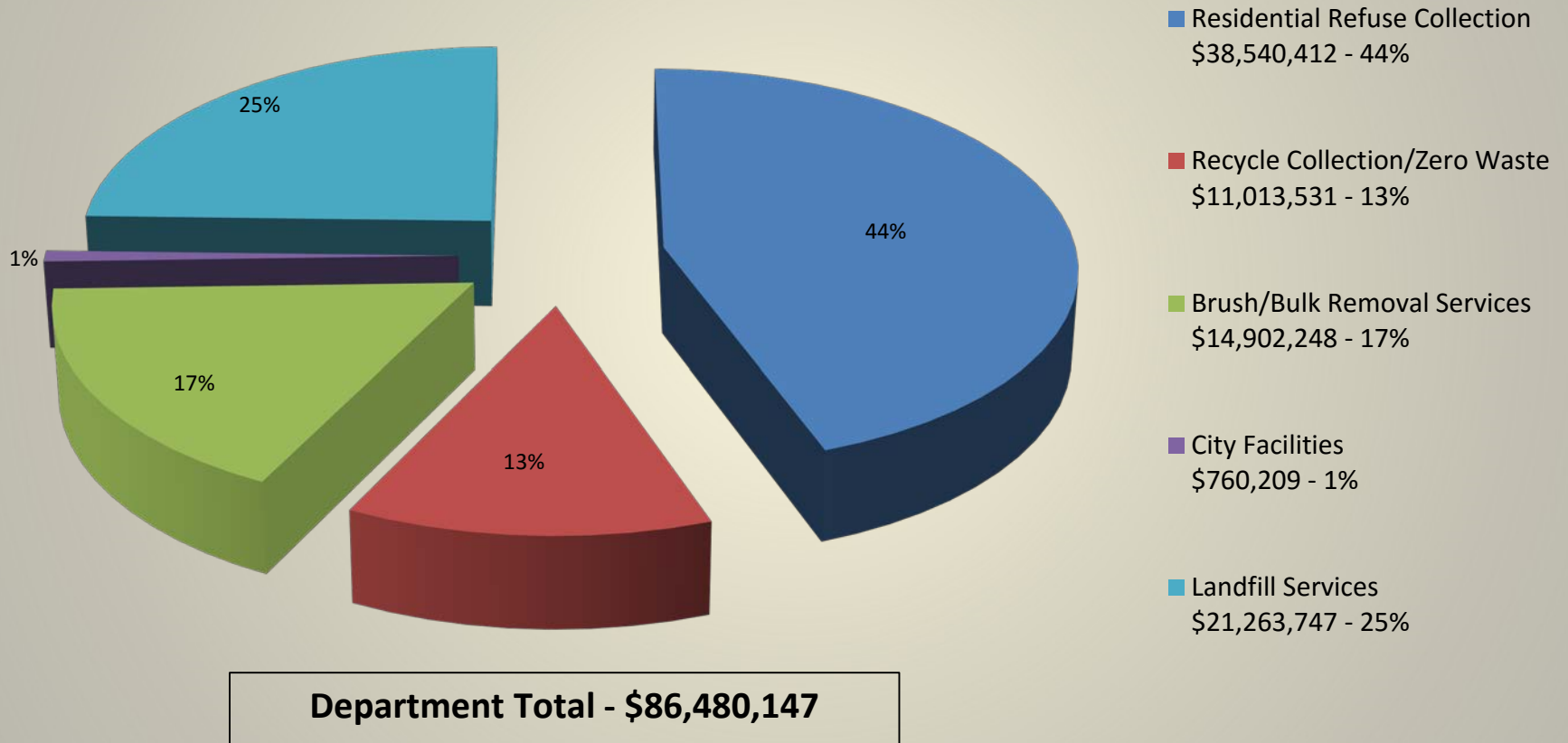
Disposal Services Scope

- Sanitation Services operates the McCommas Bluff Landfill
 - Has estimated remaining capacity of over 47 years (~95M CY of air space)
 - Received approximately 1.8 million tons in FY 14-15
 - Over 5,000 tons per day
 - Open 6 days a week
 - Processes over 1,100 customer transactions daily
 - Open 15 hours a day on weekdays
- Sanitation Services operates three regional transfer stations (Bachman, Fair Oaks and Southwest)
 - Receive, process and transport over 260,000 tons annually

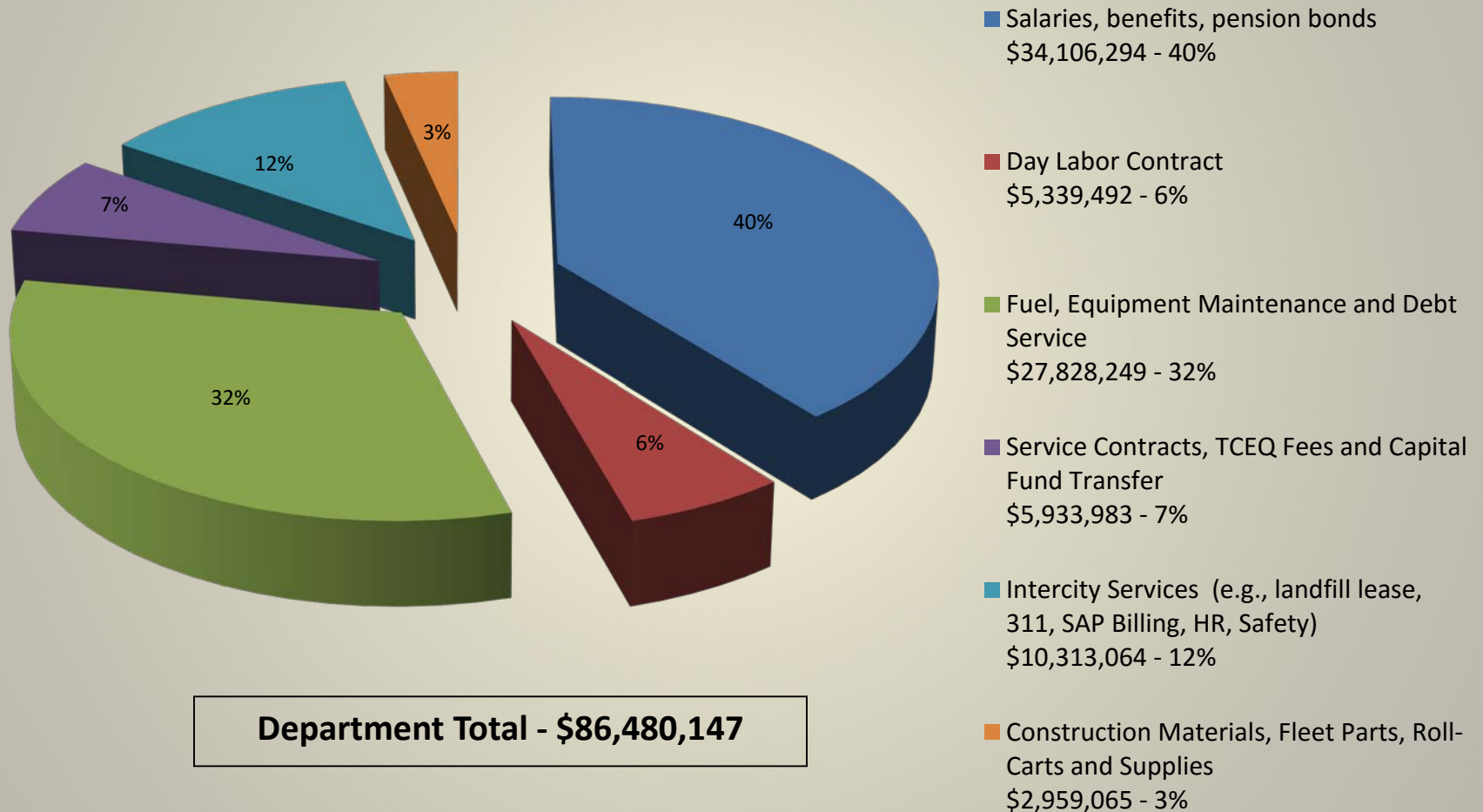


Fiscal Year 15-16 Budget Overview

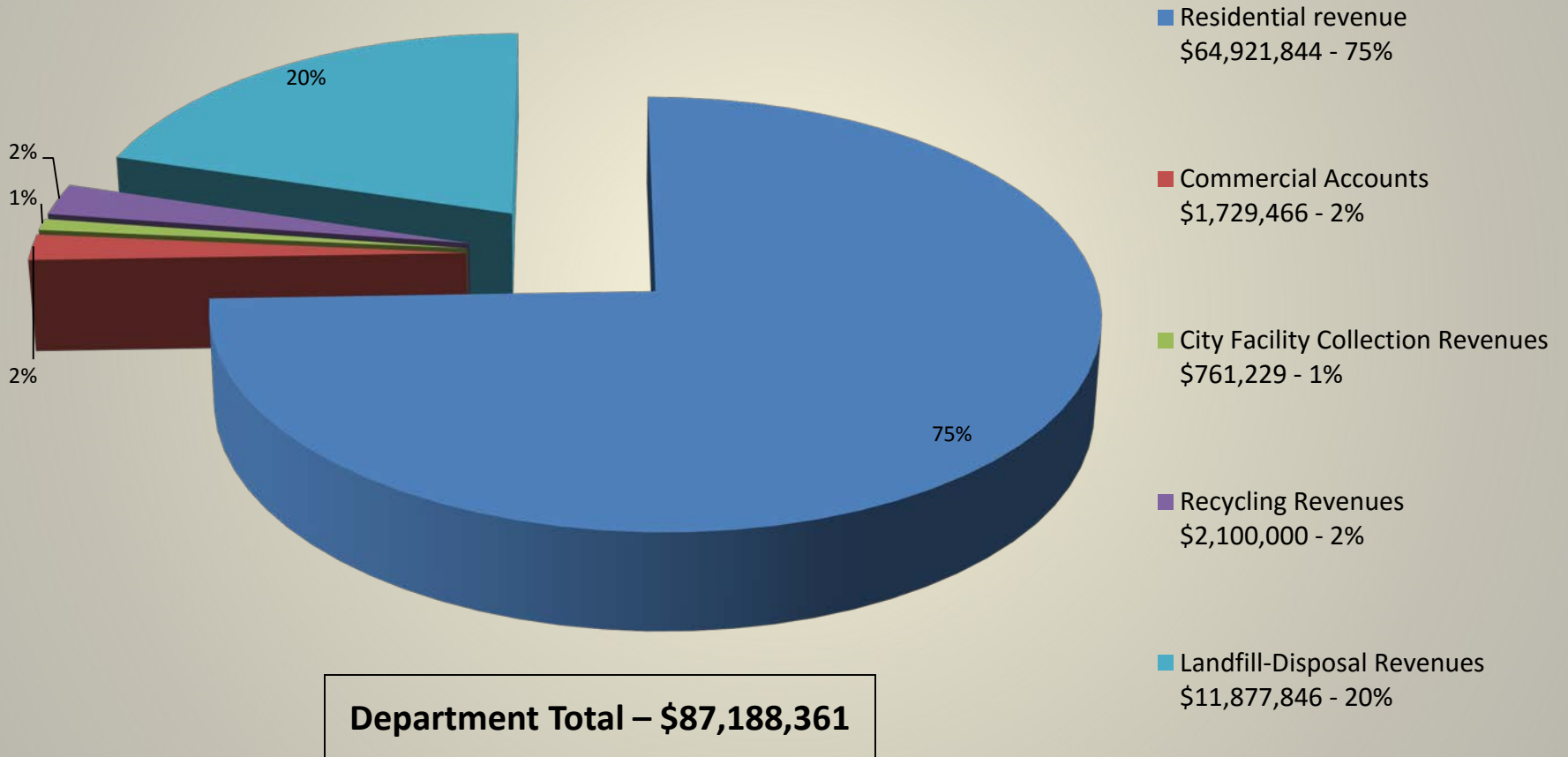
FY 16 Budget Allocation by Service



FY16 Major Budget Components



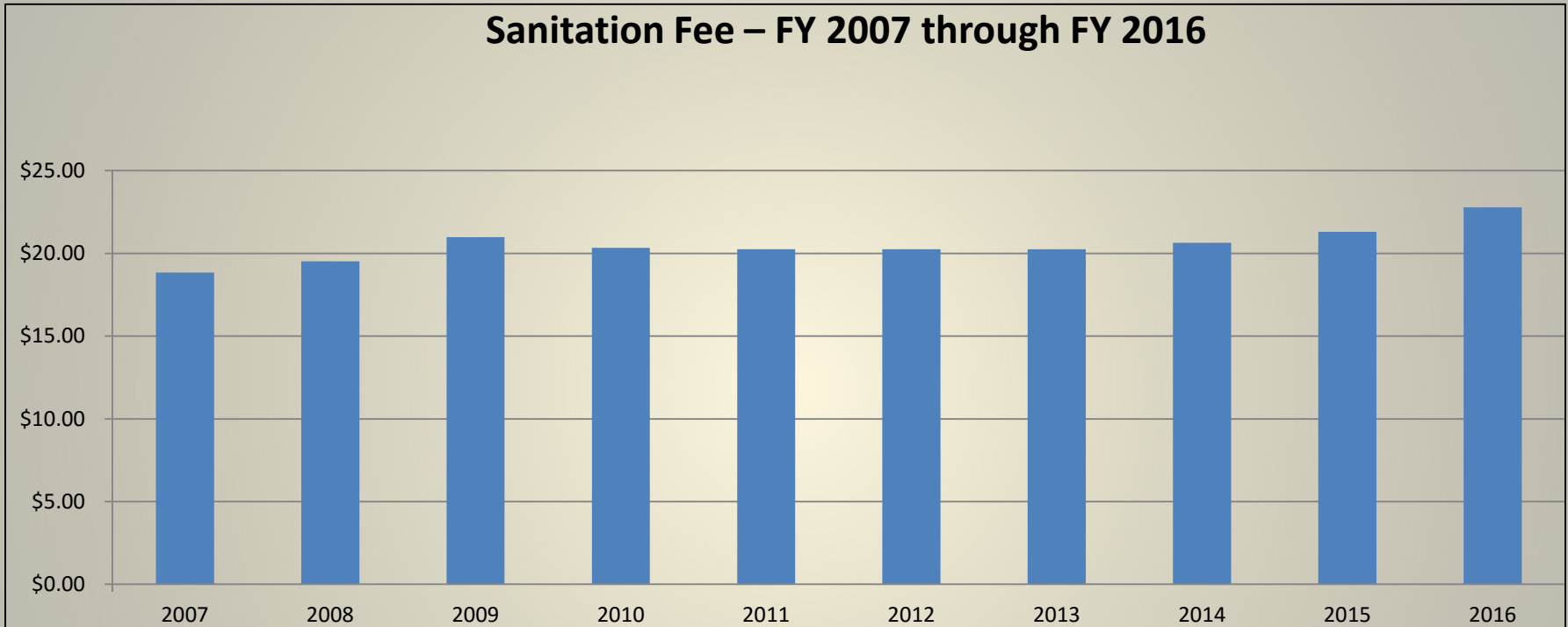
Revenue by Source



Sanitation Fee and Gate Rate Overview

Sanitation Residential Fee History

Sanitation Fee – FY 2007 through FY 2016

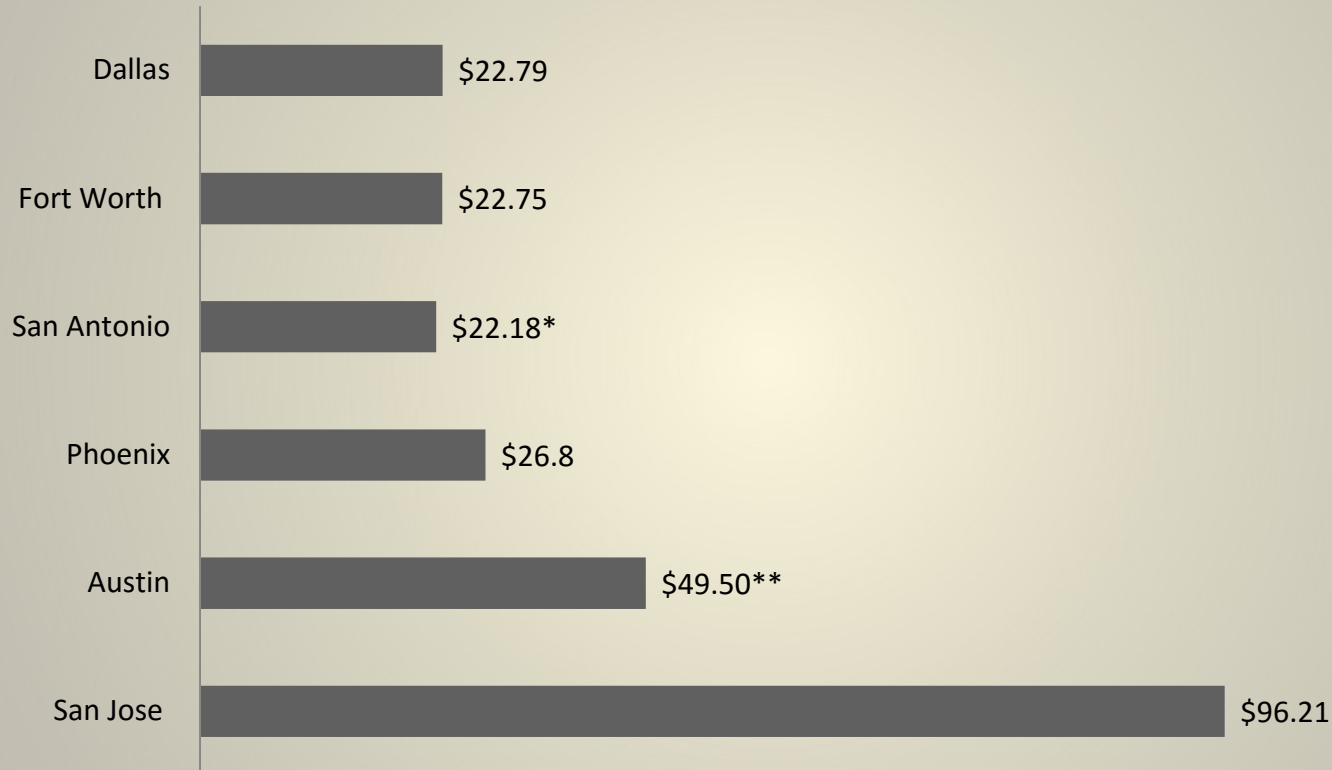


Fee	\$18.85	\$19.53	\$20.98	\$20.34	\$20.25	\$20.25	\$20.25	\$20.64	\$21.31	\$22.79
Change	\$0.97	\$0.68	\$1.45	(\$0.64)	(\$0.09)	\$0.00	\$0.00	\$0.39	\$0.67	\$1.48

- \$1.81 cent increase (8.6%) since 2009
- The 2009 residential fee, adjusted for inflation through 2015 (10.5%), would equate to a rate of \$23.05 today.



Other Cities FY 16 Residential Fees (96 gallon cart Service)



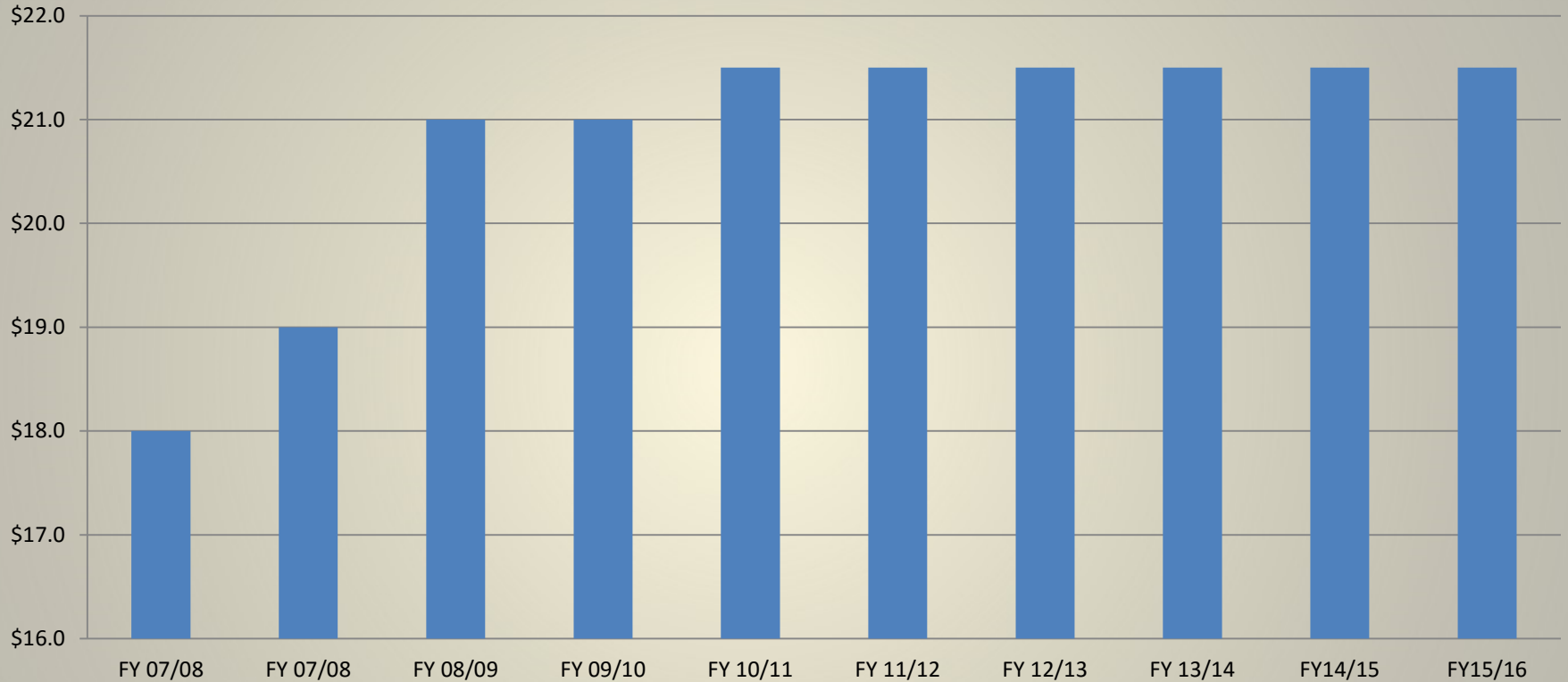
Note: Dallas currently collects more than twice the bulk/brush tons per household than other Texas cities like Austin, Ft. Worth and San Antonio that have limited annual collections and set out limits. Service levels vary by city, please see appendix for service level detail.

**Includes \$2.00 Environmental Fee*

*** Includes \$7.65 Clean Community Fee*



McCommas Bluff Gate Rate History



FY	FY 07/08	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY14/15	FY15/16
Rate	\$18.0	\$19.0	\$21.0	\$21.0	\$21.5	\$21.5	\$21.5	\$21.5	\$21.5	\$21.5

Funding Outlook

Funding Outlook

- Estimated major expense or revenue forecast*:
 - Temporary labor contract - up to \$2.5M annually (as estimated in FY 14-15)
 - Recent RFP submissions being reviewed and evaluated
 - Anticipate Council consideration May/June
 - Annual 1% franchise fee increase until FY 2021 – an additional \$660K annually (\$3.3M over next 5 years)
 - Fleet debt service increasing due to fleet age and replacement (assuming \$8M annual procurement)
 - FY 17 - \$1.2M over FY16 (6.7M total debt payment)
 - FY 18 - \$1.4M over FY17 (8.1M total debt payment)
 - FY 19 - \$1.3M over FY18 (9.4M total debt payment)



**Preliminary information which is subject to change*

Funding Outlook (Cont'd)

- Need to increase annual Capital Construction Fund Transfer by \$1.3M
 - To meet future cell construction funding schedule
- Employee merits and benefits, as well as fleet maintenance and fuel cost are under review
- Recycling revenue will fluctuate with commodity prices and new contract terms that begin in January 2017, current estimates:
 - FY 16 - \$1.7M
 - FY 17 Estimate - \$700K (new contract terms and low commodity prices)

Key Business Planning Objectives (FY2016 – FY2020)

Key Business Plan Objectives

- Improve Sanitation Services as a complete solid waste service provider
 - Review and implement industry best practices
 - Increase efficiency and reduce service quality issues
 - Participate in quality and efficiency initiatives
- Improve fleet procurement and replacement program
 - Reduce fleet age and standardize equipment when possible
 - Update and optimize collection routes, including rightsizing equipment
- Support employee development and retention initiatives
 - Support and develop job specific training programs
 - Support Departmental Employee Advisory Council (EAC) efforts
 - Increase professional development and improve succession planning efforts
- Continue strategic planning efforts
 - Implement the City's Local Solid Waste Management Plan (Zero Waste Plan)
 - Evaluate collection processes and programs for Council review
 - Evaluate long term funding needs and develop strategies to mitigate impact on the residential fee



Current Planning Efforts

- Fleet replacement and maintenance program
 - Working with a solid waste consultant to conduct a fleet maintenance and replacement review
 - Need to establish an optimized replacement program to mitigate increased maintenance cost, increase equipment availability and improve driver usability
 - Evaluate and right size the collection fleet
- FY 16 landfill revenues are projected to be \$3.4M over budget
 - The landfill received a spike in tonnage after two regional landfills closed last spring due to flooding, and much of that tonnage has been sustained above historic levels
 - FY 16 revenues and any increased future landfill revenues could be dedicated for fleet debt or cash purchase of fleet reducing long term debt impacts
- Landfill gate rate being reviewed
 - Increased gate rate revenues could be dedicated to capital construction funding and equipment needs
 - Every \$1.0 gate rate increase = \$500k - \$800k in additional revenue (depending on volume)



Current Planning Efforts

- Sanitation is working to reduce unplanned costs and route quality issues
 - Reducing truck driver hiring times when vacancies occur
 - New truck driver training program developed
 - Training new drivers, driver trainees and current drivers to help enhance and develop truck driver skills
 - Continuing route planning and optimization efforts
- Reviewing collection services and programs
 - Briefed Quality of Life on the City's bulk and brush program
 - Evaluating options or alternatives for Council consideration
 - Balancing collection boundaries as needed
 - Reviewing need for an additional transfer station



Summary

- Sanitation Services:
 - Is an Enterprise Department owned and operated by the City of Dallas
 - Provides solid waste collection services to approximately 240,000 residential customers
 - Operates and manages the McCommas Bluff Landfill that receives and disposes of approximately 1.8M tons of waste annually
 - Operating and capital costs are funded through rates or fees charged to residential and commercial customers
 - Will continue to plan for the future by implementing the City's long range Zero Waste Plan, reviewing collection practices and programs, and preparing for future growth and regulatory requirements
 - Will continue efforts to evaluate cost and increase efficiency, while providing improved reliability and service quality for all of our customers



QUESTIONS?



Appendix

- Departmental Service Detail
 - Residential Collection Services
 - McCommas Bluff Landfill Operations
- McCommas Bluff Gate Rate Overview
- Debt and Capital Construction Fund Outlook
- Other Cities Service Levels and Fees

Residential Collection Services



Residential Collection Services

Includes collection of residential refuse, recycling, and bulk and brush. Also includes special services and waste diversion.

- Five regional collection districts and three regional transfer stations



Residential Collection Services

Refuse and Recycling Collections:

- 240,000 residential accounts
 - Once weekly refuse and recycling pick-up
 - Collection days (Monday, Tuesday, Thursday and Friday)
 - 110+ refuse and recycling routes run daily
 - 115+ collection vehicles utilized daily
 - 100,000 service opportunities per day and 21M opportunities annually
 - 7,500 miles driven daily and 1.5M miles driven annually
- Annual collection tonnages:
 - 230,000 tons– Refuse
 - 55,000 tons - Recycling



Residential Collection Services

Bulk and Brush Collections:

- 240,000 residential service opportunities monthly
- Four weekly collection areas (Week 1, 2, 3 & 4)
- 165,000 tons collected annually



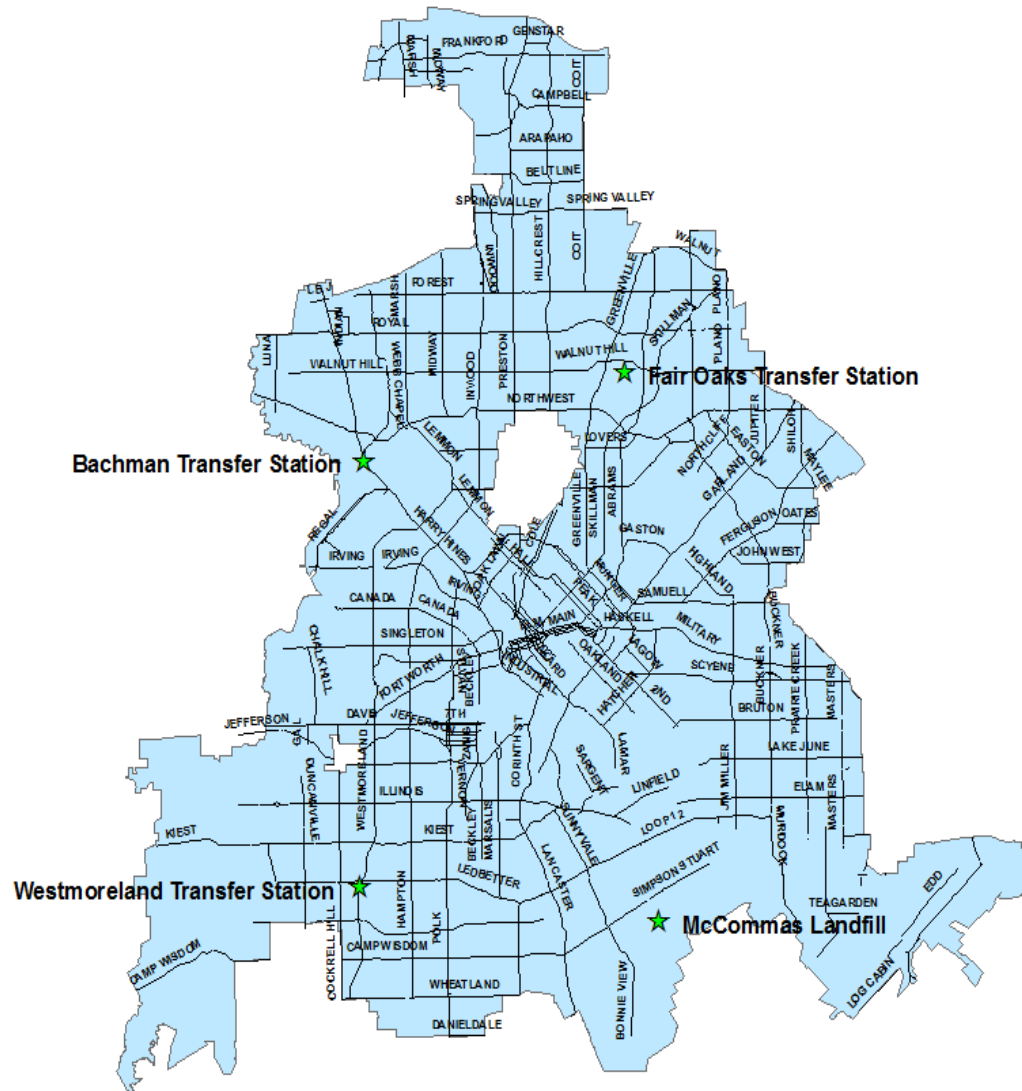
Residential Collection Services

Transfer Stations:

- Bachman (northwest), Fair Oaks (northeast) and Westmoreland (southwest)
 - Utilized by daily residential collections (refuse, recycle, and bulk and brush)
 - Residential self haul days (days and times listed on webpage)
 - Cash customer disposal (Bachman only)
 - Recycling drop off containers
 - Electronics drop off
 - Tire drop off
- Monthly tonnage collected and transferred from each station (excluding recycling tonnage)
 - Bachman – 11,700 tons
 - Fair Oaks – 5,400 tons
 - Southwest – 5,100 tons



CITY of DALLAS SANITATION SERVICES DISPOSAL LOCATIONS



Residential Collection Services

Special Services

- Delivery of over 100 new or replacement roll-carts daily
- Daily roll-cart repair
- Weekly City facility collections
 - Approximately 220 City facility locations
- Daily property damage repair (minor)
- Dead animal collection (ROW, animal shelter, veterinary clinics)
 - 16,000 service request annually
 - 27,000 dead animals collected annually
 - 7 days a week service
- Provide monthly BOPA (Batteries, motor Oil, latex Paint, Antifreeze) events citywide



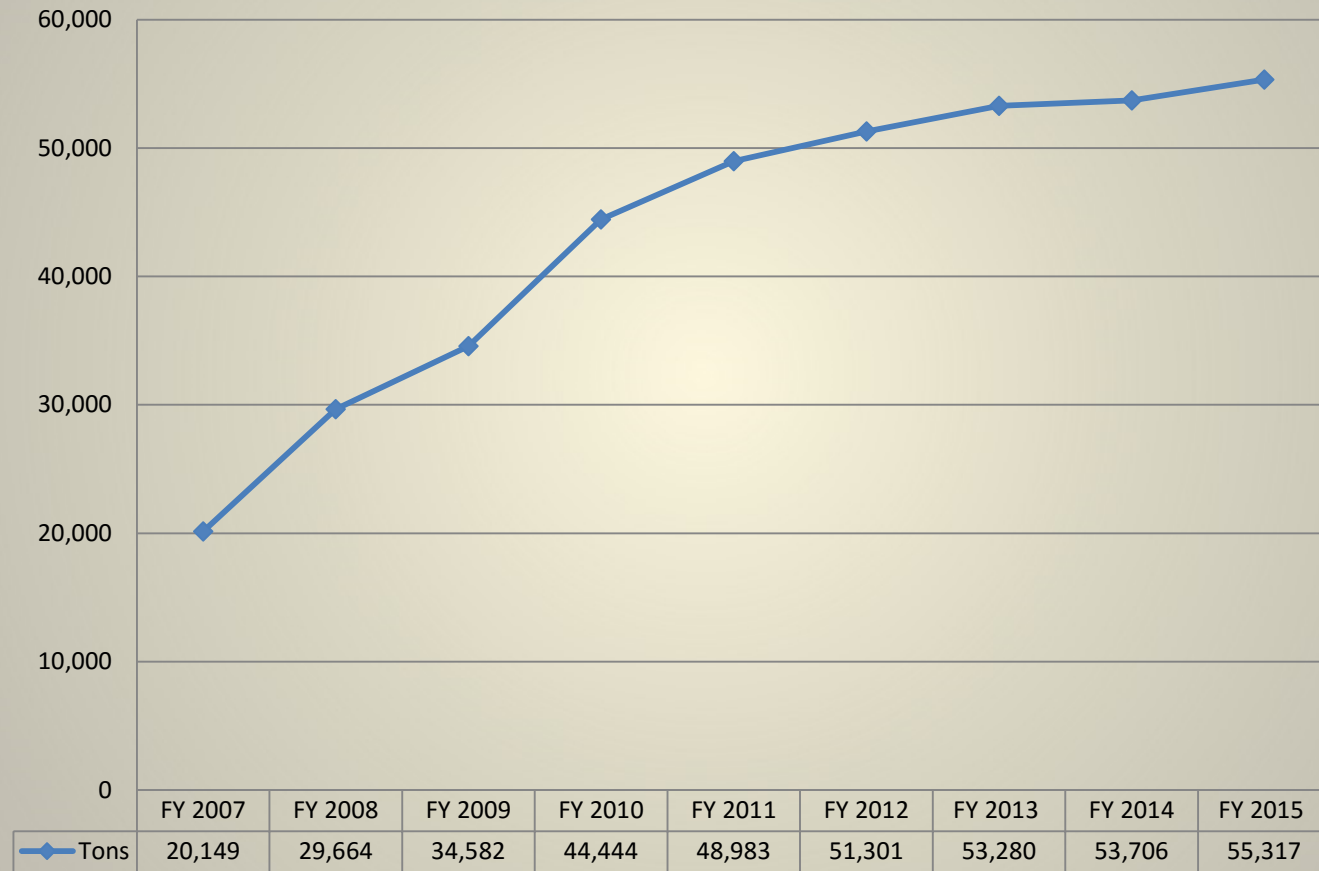
Residential Collection Services

Zero Waste Division

- Manages City's recycling processing contract
- Manages 150 recycling drop off locations throughout the city
- Attends over 200 outreach events annually
- Manages marketing efforts
- Manages UNT contract for in school education curriculum (w/DISD)
- Manages contract with Dallas County for Household Hazardous Waste collection and disposal
 - Including annual regional collections
- Hold bi-annual Recycling Round-up events



Historical Recycling Tonnages



McCommas Bluff Landfill Operations



McCommas Bluff Landfill

Serves as a Type I regional landfill accepting municipal solid waste from the City's residential collections, citizens self haul, cash customers and commercial solid waste haulers

- Gate rate of \$21.50
 - Discounted rates for contracted long-term/guaranteed tonnage customers
- Over 900 permitted acres with approximately 95M cubic yards of available space (approximately 47 yrs.)
- Contract with Dallas Clean Energy McCommas Bluff for landfill gas recovery, processing and eventual sale
- Utilizes an enhanced leachate recirculation system for accelerated waste decomposition and gas generation



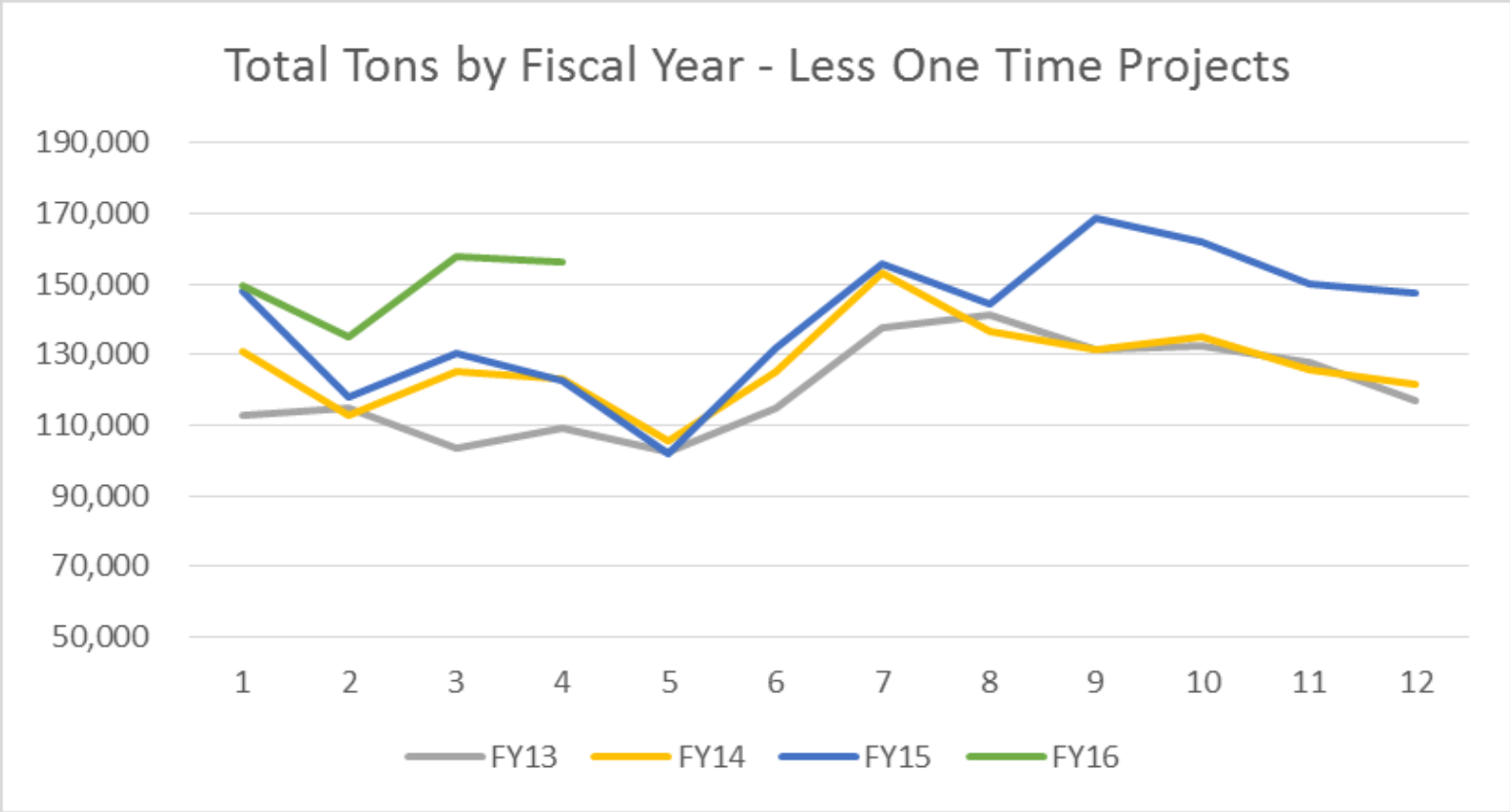
McCommas Bluff Landfill

McCommas Bluff Landfill

- Receives over 5,000 tons daily and approximately 1.8M tons annually
 - Second largest in the state based on annual tonnage received
- Over 300,000 scale house transactions annually
 - ~1,100 daily transactions
- \$17.5M in annual tipping fee revenue
- \$2.4M in annual landfill gas revenue (General Fund)
- Operating and open 6 days – Monday thru Saturday



Landfill Tonnage History



McCommas Bluff Gate Rate



Gate Rate Change Overview

- Current rate is \$21.50 per ton
- Compared to area landfills, the McCommas Bluff Landfill has the lowest posted gate rate
 - Many posted gate rates at area landfills are over \$30/ton
 - Private area landfills can negotiate discounts of posted gate rates and these rates are not published
- The gate rate has remained the same since FY 2010-11 due to economic conditions and to minimize the risk of losing major non-contracted commercial customers
- A gate rate increase poses a risk of losing some cash and large commercial customers, but regional rates may warrant change



Gate Rates For Area Landfills

Site	Location	Operator	Gate Rate	Notes
McCommas Bluff	Dallas, TX	City of Dallas	\$21.50 per ton	
Skyline	Ferris, TX	Waste Management	\$85.99 min charge for first 5 yds. or less; \$9.50 for each additional yard	Avg \$\$/ton for 30yds = Compacted - \$32.67 Uncompacted - \$63.41
DFW Lewisville	Lewisville, TX	Waste Management	\$68 min/load, \$9.50/yd. for uncompact, \$12/yd for compacted	Avg \$\$/ton for 30yds = Compacted - \$36.36 Uncompacted - \$55.88
Camelot	Lewisville, TX	Republic Waste Services	\$30.36/ton	
Lewisville Landfill (C&D Only)	Lewisville, TX	Republic Waste Services	\$19.62/ton \$10.14/yd	
Arlington Landfill	Arlington, TX	Republic Waste Services	\$35/ton (inside City) \$52/ton (outside City)	
EDC	Ennis, TX	Republic Waste Services	\$30.28/ton	
Hunter Ferrell Municipal	Irving, TX	City of Irving	\$40/ton	
C.M. Hinton Regional	Garland, TX	City of Garland	\$35/ton (automated) \$52.50/ton(non-automated)	
Grand Prairie	Grand Prairie, TX	City of Grand Prairie	\$32.00/ton	
Denton Landfill	Denton, TX	City of Denton	\$44/ton (\$25 min)	\$10/ton - Concrete, asphalt, brick or \$35/ton for a dump truck load

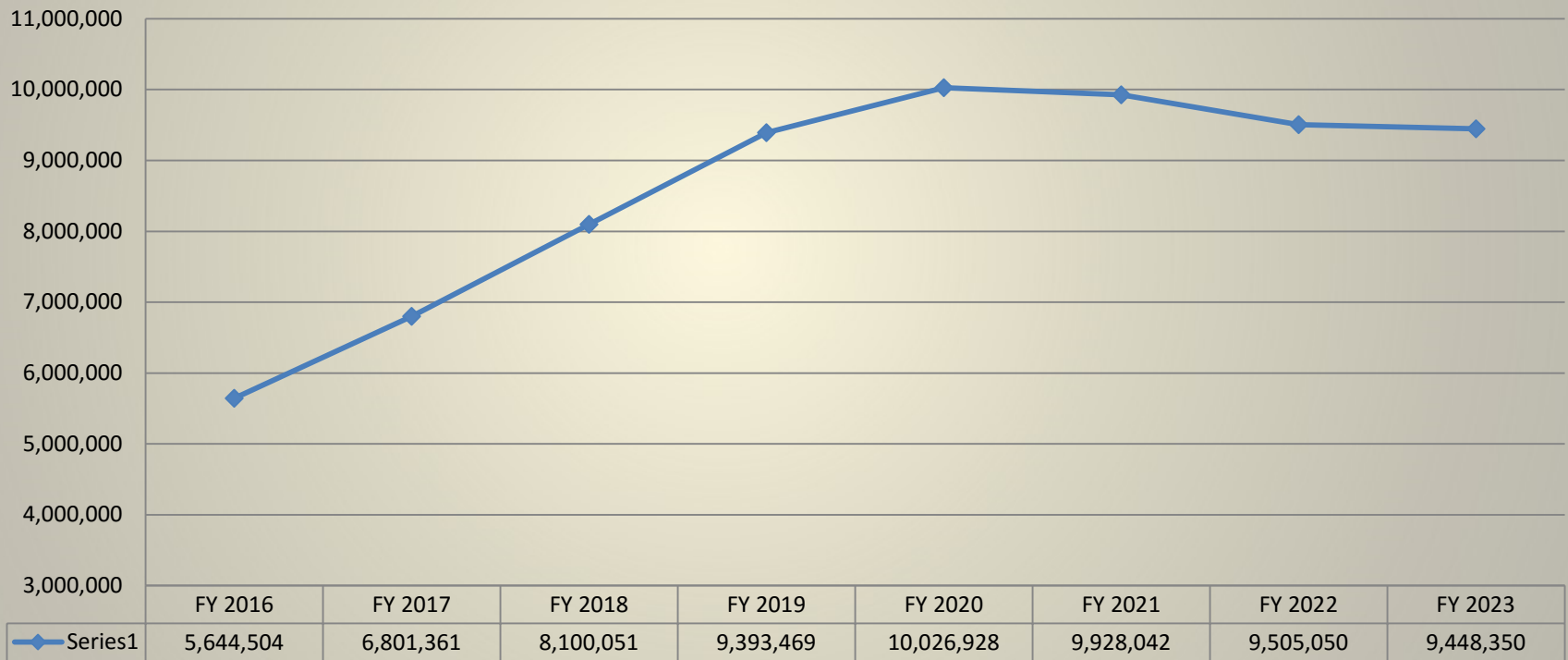


Debt and Capital Construction Fund (Outlook)



SAN: Long-term Debt Outlook

(assuming level equipment purchase of \$8M annually)



Capital Construction Fund Outlook

(assumes annualized funding of \$2M beginning in FY 17)

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Transfer In	-	0.3	0.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cell Construction	-	-	5.3	-	3.2	-	5.4	-	-	-	4.9	-	6.4	-	-	7.5
Cash Ending Balance	6.1	6.4	1.8	3.8	2.6	4.6	1.2	3.2	5.2	7.2	4.3	6.3	1.9	3.9	5.9	0.4

Other Cities Service Levels and Fees



Rates and Services For Other Texas Cities

City	Monthly Rate	Ad'tl Cart Charge (monthly)	Cart Size	Refuse & Recycling	# of Collections (Brush/Bulky)	Household Chemicals
Dallas	\$22.79	\$10.56	48, 64, 96 gal.	1X wkly both ref. & rec.	1X per month Brush & Bulk – Limited Restrictions	Residents have access to County HHC Facility
San Antonio	\$20.43 (48 gal) \$20.93 (64 gal) \$22.18 (96 gal) Includes \$2.24 Environmental Fee	\$25.00	48, 64, and 96 gal.	1X wkly both ref. & rec.	2X per calendar year for Brush & Bulk – Has Restrictions	City has HHC Facility
Austin	\$24.55– 24 gal \$25.80– 32 gal \$30.95– 64 gal \$49.50- 96 gal Includes \$7.65 Clean Community Fee	\$15.00 (upsized) No charge (downsized)	24, 32, 64, and 96 gal.	1X wkly ref. Bi-wkly rec.	2X per year for Brush & Bulk – Has Restrictions Weekly yard waste with restrictions	Residents have access to HHC Waste Facility
Ft. Worth	\$12.50– 32 gal \$17.50– 64 gal \$22.75– 96 gal	Size change (1x per year) no charge. Extra bags for refuse 5 for \$15	32, 64, and 96 gal.	1X wkly ref. & rec.	1X per month Bulk and no brush – Has Restrictions Weekly yard waste with restrictions	City has HCC
Irving	\$19.55-bag service	Bag service only	Bag service only	2X wkly ref. 1X wkly rec.	1X wkly Brush & Bulk (same day as recycling) - Has Restrictions	Residents have access to County HHC Facility
Corpus Christi	\$20.33 -96 gal	\$10.00 + \$10 delivery chg.	96 gal	1X wkly ref. 2X wkly rec. includes yard waste	5X per year Heavy Brush; 2X per year Bulky Trash – Has Restrictions	Residents have access to City HHC
Denton	\$32.75 - 95 gal \$27.35 - 65 gal \$26.75 - 45 gal	\$19.75 per month – 96 gal. only	45, 65, and 95 gal recycling – 65 gal only	1X wkly both ref. & rec. includes yard waste	Up to 4 large household items wkly (at no charge) – yard waste packed up/w. ref. – Has Restrictions	On demand collection curbside
Garland	\$19.58	\$6.10	95 gal – refuse 95 gal – recycling	1X wkly ref. Bi-wkly rec.	1X wkly Brush & Bulk – Has Restrictions	County HHC Facility

Rates and Services For Other Cities (Nationwide)

City	Monthly Rate	Ad'tl Cart Charge (monthly)	Cart Size	Refuse & Recycling	# of Collections (Brush/Bulky)	Household Chemicals
Dallas	\$22.79	\$10.56	48, 64, and 96 gal.	1X wkly both ref. & rec.	1X per month Brush & Bulk – Limited Restrictions	Residents have access to County HHC Facility
Phoenix, AZ	\$23.80 – 64 gal \$26.80 – 96 gal	\$13.40 (refuse) \$13.40 (recycling; 3rd or more)	64, 96 gal.	1X wkly both ref. & rec.	4X per year – Has Restrictions	No service or facility. City does conduct round up events 5X per year
Miami Dade County, FL	\$36.50 per month \$439.00 per year included in your property taxes	\$79.50 per year with a one year commitment for refuse. No charge for ad'tl. rec. cart	35,65, and 96 gal Rec. – 96 gal	Automated pick up is 2X wkly refuse Bi-wkly rec. Manual pick up is 2X wkly refuse (residents are allowed to use a 30 gal trash can with plastic bags)	2X per year up to 25 cubic yards. Residents can use 13 drop off locations	Two drop off locations for HHC. No curbside collection
San Jose, CA	\$32.07– 32 gal \$97.41-32 gal (on premise) \$64.14– 64 gal \$129.48-64 gal (on premise) \$96.21 – 96 gal \$161.55-96 gal (on premise) Ranging from \$32.07-\$161.55 (depending on the pick up location)	No additional carts, garbage sticker is \$6.25 ea for extra trash	32, 64,and 96 gal	1X wkly both ref. & rec. - includes yard waste	Upon request; with scheduled appointment. Fee of \$27 for up to 3 large items	Residents have access to County facility
Seattle, WA	Garbage Carts \$20.60 – 12 gal \$25.25 – 20 gal \$32.90 – 32 gal \$65.75 – 64 gal \$98.65 – 96 gal Food & Yard Waste \$5.45-13 gal \$8.20-32 gal \$10.50-96 gal Range from \$26.05-\$109.19 (depending on the cart sizes and combinations)	Extra garbage - \$10.45 per 60 lb bundle Recycling is free Food & Yard Waste \$5.20 per bundle	Garbage: 12, 20, 32, 64,and 96 gal Recycling: 96 gal only Food & Yard Waste: 13, 32, and 96 gal	1X wkly ref. and yard waste Bi-wkly rec.	\$30.00 per item, \$28.00 per items containing CFC.	Residents can use three drop off facilities

