Beyond Curbside Collection

Quantifying the Cost of Services for Sanitation Functions

SCS Management Services

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The Facts

Solid Waste Agencies Face:

- Economic uncertainty
- Regulatory requirements
- Ongoing capital costs
- Pressure to reduce/divert waste

These all put pressure on rates
Rate Making

Rates Should Be:
• Cost-based
• Equitable
• Legally defensible
• Easy to administer
• Stable

Rate Making Involves:
• Political pressure from key decision makers
• Scrutiny from customers who compare bills to nearby areas

And one more thing to consider…
Level of Service
Expected Functions

• Collection
• Disposal
• Recycling
• Landfill/Transfer Station Operations
• Household Hazardous Waste
• Bulk Collection
• Green Waste

The average customer expects that their rates pay for these functions
Less Expected Functions

• Illegal Dumping
• Special Events
• Education/Public Outreach
• Waste to Energy
• Post-Closure Costs
• Debris Management
• Public Spaces

Improves level of service for residents but may not be recognized by customers
Overlap with Other Departments

• Animal Carcass Collection
• Street Sweeping
• Canal Cleaning
• Beach/Bus Shelter/Sidewalk Cleanup/Maintenance
• Code Enforcement
• City Lot Clearing/Mowing
• Tree Trimming

Functions often thought of as sewer or stormwater or parks and recreation
Why is Level of Service Important?

Services Vary Widely

• Small vs large agencies
• Franchise vs collection
• Landfill/transfer station operation
• May not include certain services in rates
Case Study
City of Fort Lauderdale

Reason for Quantifying Costs of Services

• Franchised curbside collection
• Not all City residents are ratepayers
• Some sanitation functions available to all of City
• Annual transfer from General Fund meant to cover these additional functions
Case Study
City of Fort Lauderdale

Cost of Service Analysis

- Identified 16 unique functions
- Quantified revenue/expense by function
- Basis for updating rates
- Justified transfer of franchise fees from General Fund
How Cost Allocation Works

- Identify functions performed
- Direct, indirect, staff input, weighted allocations
- Allocation of each budget line item
- Workflow allocation by FTE
- Compare revenue collected to costs incurred

Involves multiple meetings with management, supervisors, administrative staff, and key decision makers
The Conclusion

You can measure the cost of the services you provide

• Quantify each function comprising total rate
• Demonstrate to decision makers and ratepayers the costs to provide higher levels of service
• Justification for payments/cost allocations from General Fund/other funds