

Rates Across the State

SWANA FL Conference

February 21, 2023





Agenda

1. Overview & Analytical Approach
2. Inflation Indices
3. Rising Franchise Collection Costs in FL
4. Collection and Disposal Fees in FL
5. What May the Future Hold?

1. Overview and Analytical Approach

Objective: to Assess the Key Cost Drivers to Collection and Disposal Costs & Examine how Costs and Rates have Increased in Florida

- A. Examined Inflation by Inflation Indices Directly Tied to the Primary Components of Cost for Service
- B. Weighted Inflation Indices based Past COS Studies
- C. Compared Weighted Index to Trash / Index
- D. Examined Private Provider Collection Contract Rate Increases for Surveyed Entities & Compared to Weighted Index (N=17 Municipal Data Points)
- E. Examined Rate Increases to Residential Collection / Disposal & Tip Fees within FL (N= 28 Data Points)

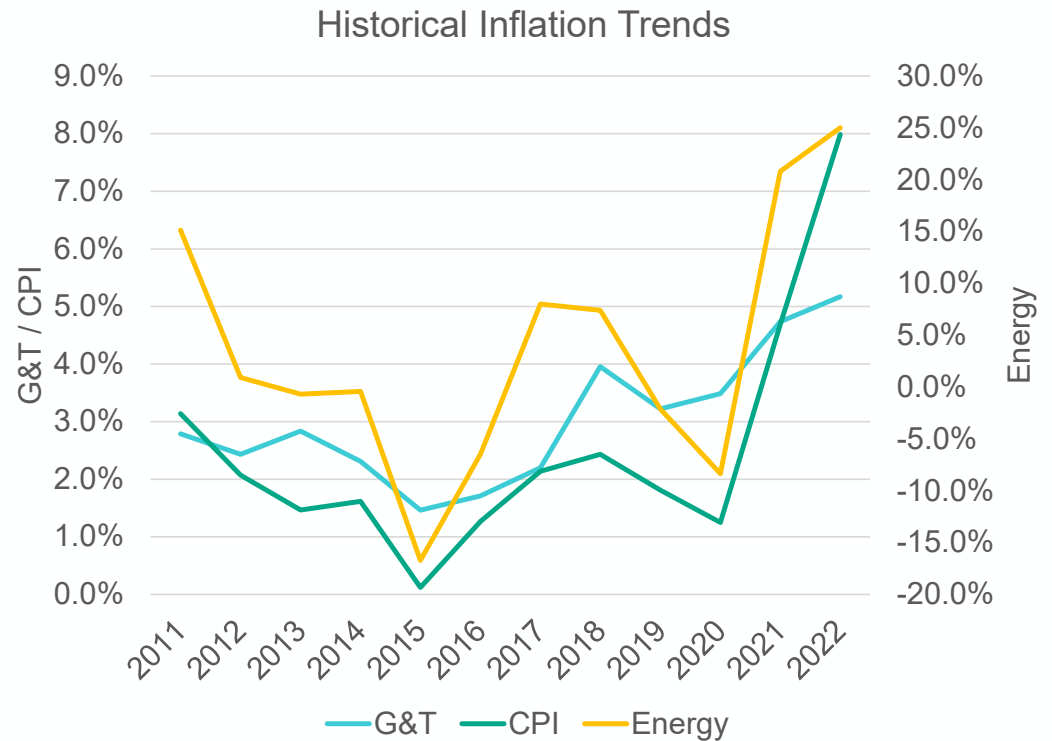
2. Inflation Indices – Alphabet Soup

Index	Description
Bureau of Labor Statistics (BLS)	
CPI	Change in price of representative basket of consumer goods
Garbage & Trash	Change in price of surveyed solid waste bills across the country
Fuel	Based on survey of fuel bills costs across the country
Employment Cost Index (ECI)	Measures the change in labor compensation costs
Energy Information Administration (EIA)	
Henry Hub Natural Gas	Reports spot prices
PADD Lower Atlantic Diesel (Low Sulfur)	Reports spot prices
Producers Price Index (PPI)	Measures the average change over time in selling prices by domestic producers of good and services
General Freight Trucking	Measures price changes and weights the price on revenue
Industrial Truck, Trailer, and Stacker Manufacturing	Measures price changes and weights the price on revenue

2. Inflation Indices

- Significant Events
 - › 2015: Oil Crash
 - › 2018: China National Sword
 - › 2020: COVID-19
 - › 2021: Russia / Ukraine War

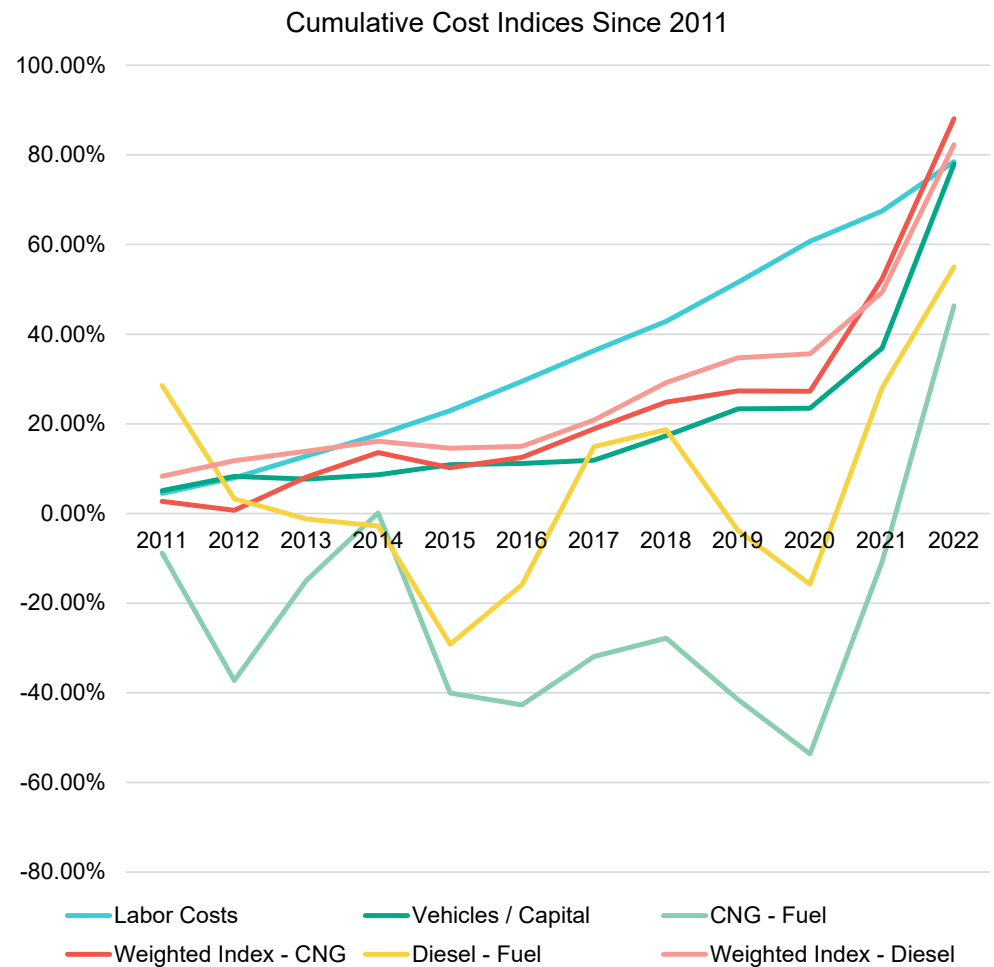
- Key Takeaway
 - › CPI Correlated with Energy
 - › Garbage and Trash Index Moving in Same Direction as CPI



Indices	Hist. 20 Years	Last Year Avg.
CPI	2.50%	6.40%
Energy	4.07%	7.02%
Garbage & Trash	4.54%	6.13%

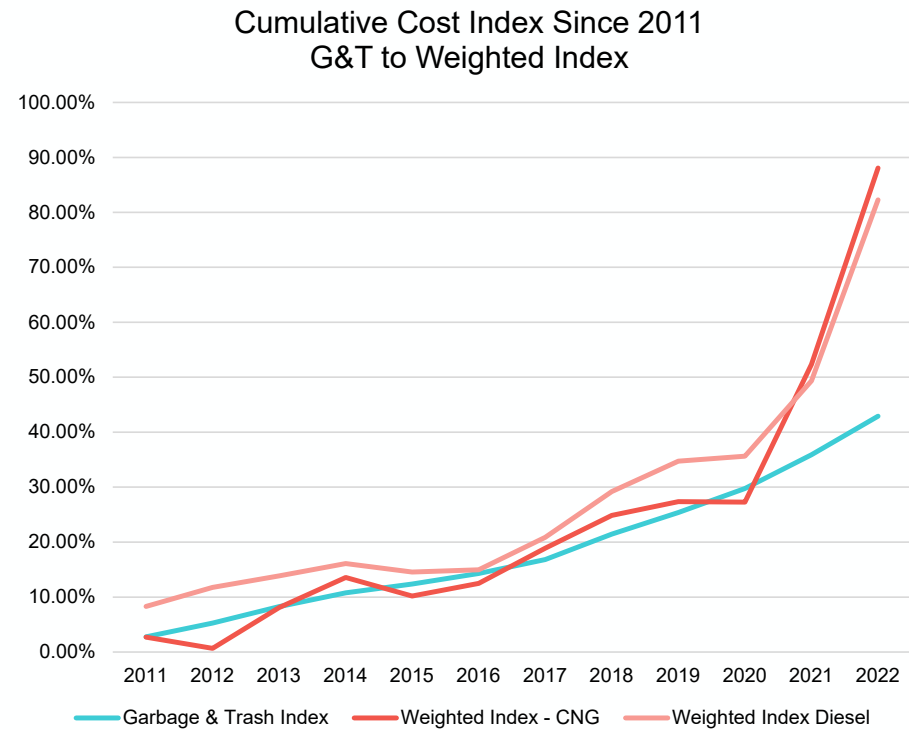
2. Inflation Indices

- Assumed Index Weighting
 - › 50% Labor – ECI
 - › 35% Capital / Vehicles - PPI
 - › 15% Fuel – EIA
- Weighted Index Comparable with CNG or Diesel



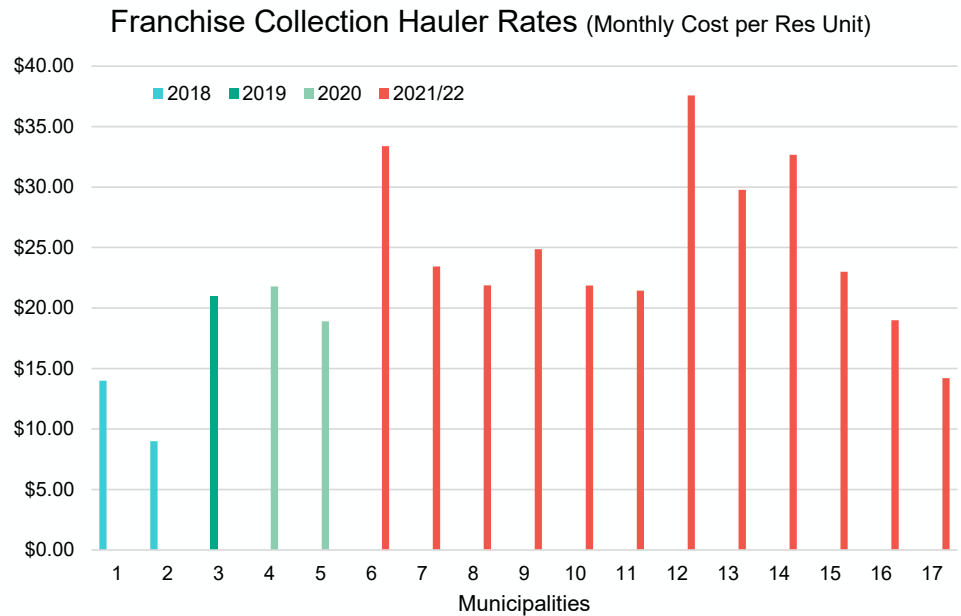
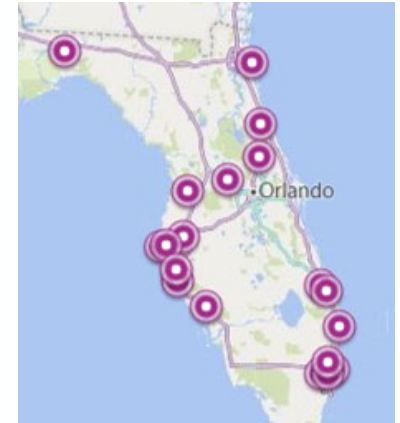
2. Inflation Indices

- Index Results Track Closely fr 2011 – 2020
 - › G&T Compounded Increase 30%
 - › Weighted Index 27%-35%
- Significant Divergence Started in 2020
 - › Suggests G&T Likely to Accelerate
 - › Driven Primarily due to Vehicles and Fuel



3. Rising Franchise Collection Costs

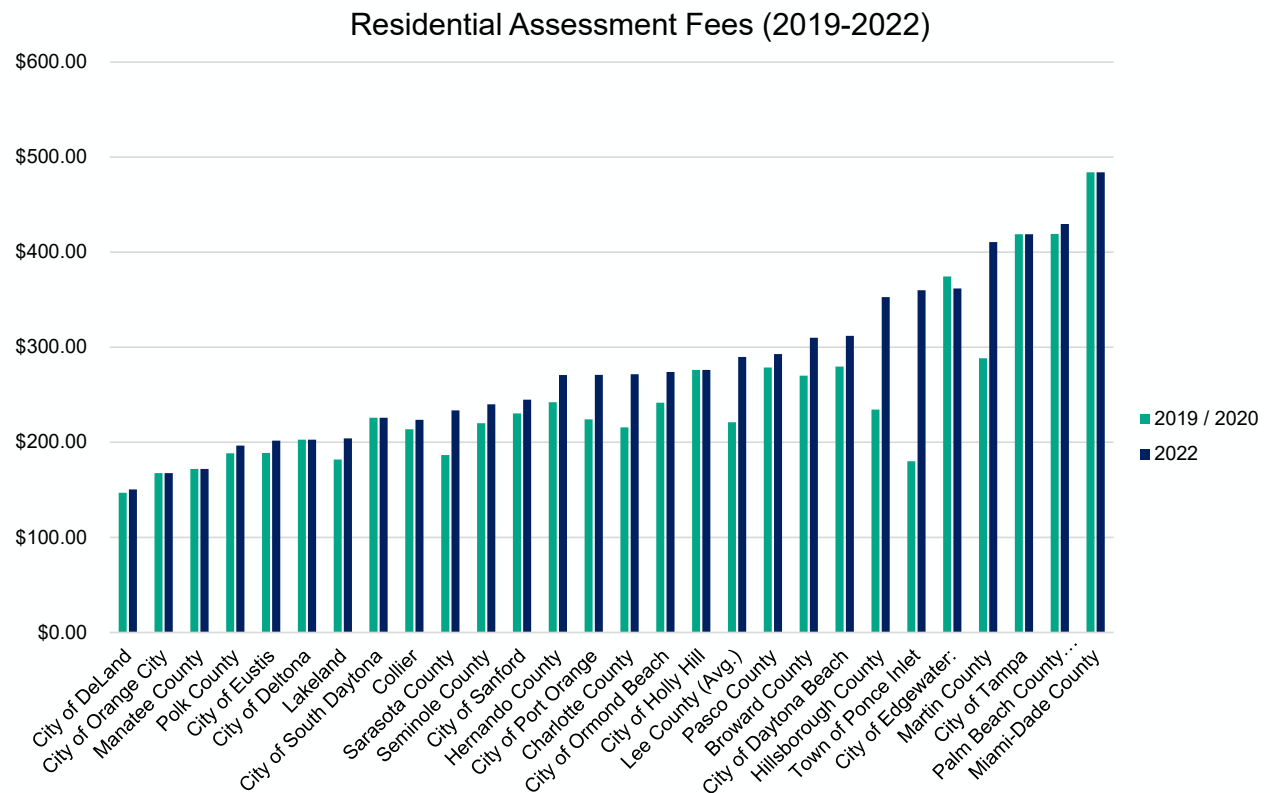
- Significant Increase in bids since 2018 (>2x Increase)
 - › Outpacing Inflation Indices
- Avg. Franchise Collection Rates
 - › 2018 - \$11.50
 - › 2019 - \$20.94
 - › 2020 - \$20.35
 - › 2021/22 - \$25.26
- Most Were Bid / Some Negotiated
- Most / 60% were at 2x week



4. Collection and Disposal Fees in FL

- Surveyed Residential Assessment Increases
 - › 2019 – 2022

- Survey Average
 - › 2019/20 = \$249
 - › 2022 = \$280
 - › Increase of ~13%



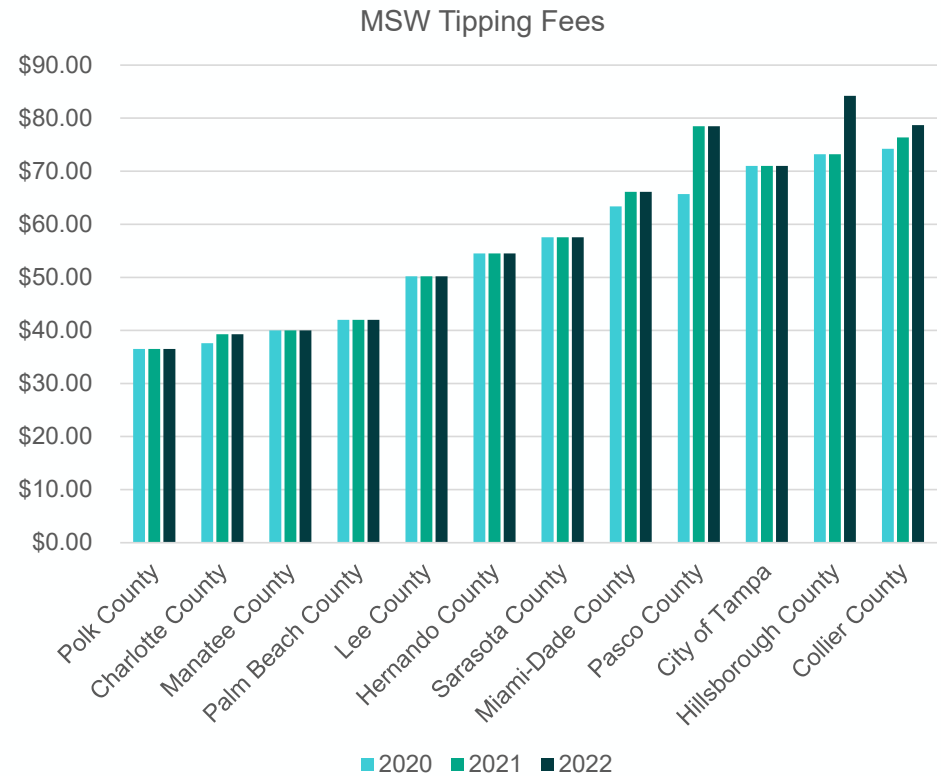
4. Collection and Disposal Fees in FL

- FDEP Averages - Weighted Based on Population by County
 - › G&T Index 18-22 = ~16.6%
 - › Disposal Increases to Reported Tip Fees Trending Below Index

	Class I	C&D	Yard Waste	Tires
2018	\$39	\$44	\$39	\$119
2022	<u>\$42</u>	<u>\$47</u>	<u>\$42</u>	<u>\$134</u>
\$	\$3	\$3	\$3	\$15
%	8%	7%	8%	13%

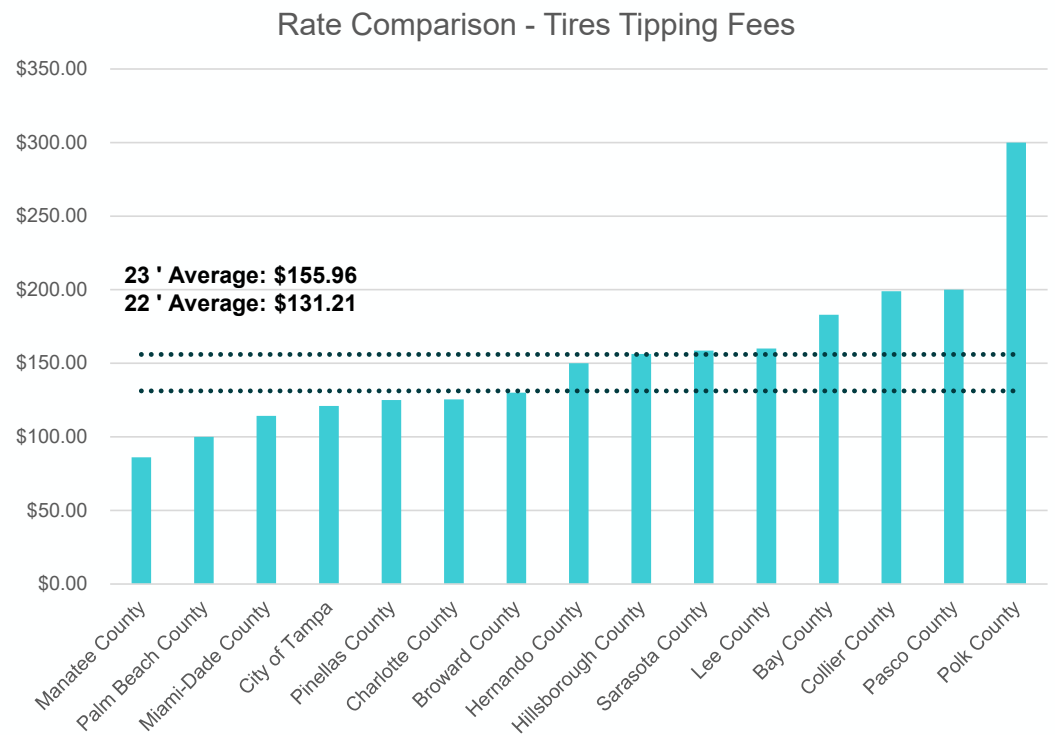
4. Collection and Disposal Fees in FL

- MSW Tip Fee Survey of Selected Counties
 - › 2020 Average - \$55.49
 - › 2022 Average - \$58.21
 - › +5%



4. Collection and Disposal Fees in FL

- Tire Fee Survey of Selected Counties
 - › 2022 Average - \$131.21
 - › 2023 Average - \$155.96
 - › +19%



5. What the Future May Hold?

- Cost Increases Appear to Outpace Assessment and Tip Fee Increases Across the State
- Acceleration in Fee Increases Possible
 - › Ability to Delay Rate Increases Contingent on Fiscal Position
- Municipalities that Contract for Collection Service may Observe Significant Increases if Agreements Expire Soon
- Uncertainty with Economy / Geopolitics
 - › Consumer Spending Has Weathered FED Rate Increases
 - But Consumer Debt is Rising
 - › Inflation Outpacing Wage Growth is Not Sustainable



Thank you!

Contact: Sarah Neely sneely@raftelis.com
Thierry Boveri tboveri@raftelis.com