

TODD COUNTY BOARD OF COMMISSIONERS

Work Session Agenda

Date: July 8th 2014

Time: 1:00 p.m.

Meeting to be held at the Historic Courthouse 215 1st Avenue So, Long Prairie, Minnesota

Item #		Approx. Time
1	Call to Order and Roll Call	1:00 p.m.
2	Amendments to the Agenda	
3	Mike Hanen - Solid Waste Fees/ Tipping Fees Presentation on Solide Waste Fees and Tipping Fees	1:05 p.m.
4	Commissioners - Budget Discussions Work on 2015 Commissioner Budget Capital Improvement Plan 2011 - 2015 Plan Review	1:45 p.m.

Standing Reports

Adjourn

The County Board Meeting will begin promptly at the prescribed time. The County Board reserves the right to alter the order of the agenda items and the amount of time allowed for an item based on business needs.



TODD COUNTY SOLID WASTE

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July 2, 2014

To: Todd County Commissioners

From: Michael Hanan, Todd County Solid Waste Administrator

Re: Todd County Solid Waste Fees-MSW and Parcel Charge

I have attached the following documents, along with a brief summary in regard to each document, for discussion and consideration at the July 8, 2014 Todd County Working Session:

TIP FEE DISCUSSION-2014

This document was the original starting point in regard to the tip fee discussion. It was presented and discussed at the March 25, 2014 Todd County Board Working Session. At that time it was referred to the Todd County Solid Waste Committee to evaluate and develop a recommendation to the Board.

BUDGET SUMMARY

This document was presented to the Todd County Solid Waste Committee at one of the first meetings as a starting point for understanding the Todd County Solid Waste Departments request to increase revenue by increasing either or both tipping fees for MSW and the Solid Waste Service Fee (per parcel charge). The first meeting included representatives from the Todd County Auditor's Office and the Todd County Assessor's Office to assist in developing information relevant information.

TODD COUNTY-REVENUE COMPARISONS

This document was generated at the request of the above referenced committee meetings. It was generated by surveying the surrounding counties in reference to how those counties generate revenue for their programs, most specifically in relation to tipping fees and service fees. It also provides information regarding the individual counties and the facilities that they own and operate.

TODD COUNTY SOLID WASTE DEPARTMENT FEE DISCUSSION

This document was generated after multiple meetings of the above referenced committee. The purpose of the document was to provide a brief summary in regard to the discussions which had taken place at the committee meetings and to provide the committee recommendations to the full Todd County Board of Commissioners.

A RESOLUTION ESTABLISHING SOLID WASTE FEES

This document was developed as a resolution intended to begin implementation of the process of increasing both the tipping fee for MSW as well as the Solid Waste Service Fee (per parcel charge).

TIP FEE DISCUSSION 2014

Fund Balance as of December 31, 2013-(\$979,568)

NOTES:

- Proposed Budget 2014 (\$1,572,178)
- Audit summary suggests a Fund Balance equal to six months of operating budget (\$786,089)
- November/December and May/June are typically the highest Fund Balance months due to the settlement of Parcel Improvements Fee collected on the property tax statements
- Current Fund Balance seems consistent with audit summary recommendations
- However, the Solid Waste Department operates as an Enterprise Fund and is thus responsible for funding all of its own capital expenditures as well as budget
- The above Budget Summary reflects large capital expenditures for equipment replacement in calendar years 2011, 2012, 2013 (2013 has another anomaly as \$300,000 was borrowed from the Solid Waste Fund by the General Fund)
- There are 12,641 parcels with a current parcel charge of \$40 per waste generating improvements which generates approximately \$530,000 per year

Considerations:

- Establish a Capital Equipment Replacement Fund as a subset of the Solid Waste Fund specifically for replacement of equipment and machinery as well as major renovation/repairs of facilities and grounds (most of which is nearly thirty years old)
- Should establish a "goal", an amount to be held in the fund and replaced annually between large purchases (i.e. determine a budgeted amount to be deposited in the Capital Equipment Replacement Fund each year)
- The Capital Equipment Replacement Fund can be started in 2014 by determining an amount to be removed from the current Fund Balance and placed into the fund
- It costs Todd County approximately \$13.75 and \$8.00 respectively for hauling MSW to Perham and Little Falls

Recommendations:

- (The current tipping fee at the Perham Resource Recovery Facility is \$84.00 per ton and the current tipping fee at the Morrison County Landfill is \$65.00 per ton) Raise the transfer station tipping fee to an average between the two fees (\$74.50)
- Raise the parcel improvements fee from the current \$40 to \$45
- The above two changes should increase departmental revenue by approximately \$158,205 per year
- Implement the fee on May 1, 2014 which would give haulers an opportunity to adjust their fees to customers
- Consider future changes to the parcel improvements fee that may be tied to waste generation for commercial properties as this would institute a system based on those who generate the most paying the most. This approach provides an incentive to reduce waste generated but if that does not happen it also has the potential to generate additional revenues to offset costs of the additional waste generated (example: a household generating 1.25 tons of waste per year potentially may pay $\$74.50 \times 1.25 = \94.13 plus an additional parcel charge of \$45 for a total of \$138.13 or \$110.50 per ton. A larger generator generating 400 tons of waste per year would pay $\$74.50 \times 400 = \$29,800$ plus an additional parcel charge of \$45 for a total of \$29,845 or \$74.61 per ton)

BUDGET SUMMARY

	2013	2012	2011	2010	2009
Receipts/Disposal	\$1,026,750	\$1,061,291	\$1,008,836	\$1,008,505	\$1,067,657
Receipts/Parcel Fee	\$224,127	\$533,981	\$535,009	\$527,929	\$519,924
Total Receipts	\$1,250,877	\$1,595,272	\$1,543,845	\$1,536,434	\$1,587,581
Disbursements/Operations	\$1,287,862	\$1,180,666	\$1,271,838	\$1,026,051	\$943,789
Disbursements/Payroll	\$380,500	\$381,456	\$333,101	\$342,074	\$419,170
Total Disbursements	\$1,668,362	\$1,562,122	\$1,604,939	\$1,368,125	\$1,362,959
Net Fund	(\$417,485)	\$33,150	(\$61,094)	\$168,309	\$224,622

WASTE/TIP FEE SUMMARY

	2013	2012	2011	2010	2009
Waste to Perham	4,029	5,343	5,062	6,174	6,284
Waste to Morrison County	5,994	4,213	5,103	3,883	4,303
Tip Fee at Perham	\$82.00	\$80.00	\$73.00	\$72.00	\$59.00
Tip Fee at Morrison County	\$65.00	\$63.00	\$60.00	\$60.00	\$60.00
<u>Tip Fee at Transfer Station</u>	\$65.00	\$65.00	\$60.00	\$60.00	\$60.00

TODD COUNTY-REVENUE COMPARISONS

<u>County:</u>	<u>Transfer Station:</u>	<u>Landfill:</u>	<u>WTE:</u>	<u>Tip Fee:</u>	<u>Service Fee-R:</u>	<u>Service Fee-C:</u>	<u>Other Fee:</u>
Cass	X	N/A	N/A	\$65.70	\$66.00	\$150,\$300,\$500	N/A
Crow Wing	N/A	X	N/A	\$45	\$15	\$45	N/A
Douglas	N/A	N/A	X	\$70.30	\$48	\$48	N/A
Morrison	N/A	X	N/A	\$38	\$27**	\$27**	N/A
Otter Tail	X	N/A	X	\$82.50	\$42.50	\$51-\$61,000	N/A
Pope	N/A	N/A	X	\$70.30	\$48	\$48	N/A
Stearns	N/A	N/A	N/A	\$70.30	\$10	10%**	N/A
Todd	X	N/A	X	\$65	\$40	\$40	N/A
Wadena	X	N/A	X	\$84/\$79	\$50	\$35/1st+\$30/ton	N/A

** Represent a Hauler Collected Fee

Todd County Solid Waste Department Fee Discussion

Current :

Tipping Fee Paid at Perham-\$84.00 per ton
Tipping Fee Paid at Morrison County Landfill-\$65.00
Tipping Fee Charged at Todd County Transfer Station-\$65.00
Todd County Solid Waste Service per improved parcel-\$40.00

Discussion:

For the past three years the relationship between fees collected and budget expenditures for the Solid Waste Department have resulted in negative cash flow for the department. This situation was accentuated in 2013 by the borrowing of \$300,000 from the Solid Waste Fund by the General Revenue Fund. The current Solid Waste Department fund balance sits at approximately \$786,000. The 2014 proposed budget is \$1,572,178. By audit standards, the fund balance should be maintained at approximately 50% of the annual budget. Solid Waste Fund balance has now reached that threshold.

As the Solid Waste Committee began to look at 2014 Solid Waste Department fees, specifically fees associated with the management of Municipal Solid Waste (MSW) or garbage it is evident that since MSW management represents the major waste management related expense as well as the primary operational expense that continuing an MSW negative cash flow would be putting a strain on the operating budget. The Solid Waste Committee began to discuss the options for increasing revenues.

Tipping Fees-The current tipping fee charged at the Todd County Transfer Station is \$65 per ton and the current tipping fees paid range from \$65 per ton to \$84 per ton. This does not include transportation to the disposal sites (approximately 88 miles round trip to the Morrison County Landfill and approximately 120 miles round trip to the Perham Resource Recovery Facility).

Service Fees-The per parcel service fee is currently \$40 per developed parcel in Todd County (i.e. generally speaking, all residential, commercial and industrial parcels that have either a home or a business on the property are assessed the \$40 per parcel service fee). It has always been understood that the per parcel service fee is assessed to all improved properties because Todd County is responsible for solid waste management planning and for providing for solid waste services for all of its residents and businesses. It has also always been understood that some portions of the Todd County provided services will be subsidized by the per parcel service fee (i.e. certain services such as the HHW program generate little or no revenue. And other programs such as the recycling programs and the MSW disposal programs do not generate enough revenue through specific fees and are subsidized by the per parcel service fee).

Solid Waste Committee Recommendations:

Tipping Fees-The Solid Waste Committee recommends that Todd County raise the current MSW tipping fee from \$65 per ton to \$74.50 per ton effective September 1, 2014. This is approximately the mid-point between the tipping fee at Perham and the tipping fee at Little Falls. By implementing on September 1st it will give the licensed waste haulers between 60-75 days to react to the changes in tipping fees. This change will result in an increase in MSW tipping fee revenue of approximately \$32,000 in 2014 and approximately \$95,000 in 2015.

Service Fees-The Solid Waste Committee has two recommendations related to the service fee (per parcel charge). The first recommendation is that Todd County raise the current service fee from \$40 per developed parcel to \$46 per developed parcel beginning in taxes payable year 2015 (this is because the service fee is collected as a line item on the property tax statements). This will result in an increase in service fee revenue of approximately \$63,000 in calendar year 2015.

The second recommendation related to the service fee system is a more long term recommendation. First, the Solid Waste Committee recommends evaluating the current system to assure that it accurately reflects the parcels that the Todd County Board of Commissioners believed should be assessed a solid waste service fee based on use of the parcel and the potential to generate solid waste. In the course of this discussion the Solid Waste Committee discussed the inequity in regard to the understanding that; while residential parcels may likely generate similar quantities of solid waste (i.e. the average 2.5 member residential home likely generates between 1 ton and 1.25 tons of MSW per year) the same is not true of commercial properties (i.e. a single person accounting or insurance office likely generates considerably less than a commercial food processor, hospital or a grocery store).

In implementing this recommendation the Solid Waste Committee recommends that the following be implemented over a four year period of time. Beginning in July of 2014 the Solid Waste Department will begin to gather information from its licensed waste haulers in relation to the businesses that they serve and the volume of waste that those businesses generate.

In 2015 (year one) the service fee will be set at \$46 per improved parcel and the Solid Waste Department will utilize 2015 to interact with the county businesses to discuss the waste that it appears that each business generates and the service fee that business "should" pay assuming that the minimum charge for any business is \$46 per year and the maximum is a factor of that businesses waste generated in tons times \$46 (i.e. if business "A" generates 100 tons of MSW per year as identified by their hauler collection records or if they do not utilize a waste hauler the records of any other similar business then you would take the 100 tons time \$46 per ton and the service fee would be \$4,600). In 2015 this \$4,600 would be for illustrative purposes only. Year one would also be used to assist businesses in identifying how they might reduce their waste that actually needs to be disposed of. However, the following information would be provided:

Beginning in 2016 (year two) all business service fees would be raised to assure that the minimum amount paid were equal to at least one third (1/3) of the calculated amount in year one but in no case would it be lower than that amount assessed in year one.

Beginning in 2017 (year three) all business service fees would be raised to assure that the minimum amount paid were equal to at least two third (2/3) of the calculated amount in year one but in no case would it be lower than that amount assessed in year one.

Beginning in 2018 (year four) all business service fees would be raised to assure that the minimum amount paid were equal to at least three third (3/3) or 100% of the calculated amount in year one but in no case would it be lower than that amount assessed in year one.

In 2018 and beyond all business parcel service fees would be based on an ongoing evaluation of each businesses waste generation.

TODD COUNTY BOARD OF COMMISSIONERS

A RESOLUTION ESTABLISHING SOLID WASTE FEES

WHEREAS, the Todd County Solid Waste Department and its respective Solid Waste Fund is operated as an Enterprise Fund, and;

WHEREAS, the Todd County Solid Waste Enterprise Fund derives revenues from two primary sources (Tipping Fees at the transfer station and landfill and Service Fees (per parcel charge collected as a line item on the Todd County real estate property tax statement), and;

WHEREAS, for two of the past three years the Solid Waste Department has operated revenue negative and has resulted in spending down dollars in the Solid Waste Fund balance. This has resulted in a fund balance decrease of \$445,429, accentuated in 2013 the borrowing of \$300,000 from the Solid Waste Fund to the General Revenue Fund, and;

WHEREAS, the Solid Waste Committee has been evaluating the best methods for addressing funding of the Solid Waste Fund beginning in 2014 and continuing into the future, and;

WHEREAS, the Solid Waste Committee is recommending increasing the tipping fee for Municipal Solid Waste (MSW) collected at the Todd County Solid Waste Transfer Station from its current amount of \$65 per ton to \$74.50 per ton effective September 1, 2014 and increase the solid waste service fee (per parcel charge from its current amount of \$40 per parcel to \$46 per parcel effective January 1, 2015 and that as an extension of increasing the solid waste service fee that the Solid Waste Committee continue to evaluate the current solid waste service fee system and move toward implementation of a volume based system as it relates to MSW generated by commercial and industrial customers.

NOW, THEREFORE BE IT RESOLVED, that all Todd County Board of Commissioners supports the recommendations of the Todd County Solid Waste Committee and approves the recommended changes in MSW tipping fees effective September 1, 2014 and the recommended changes in Service Fees (parcel charge) effective January 1, 2015.

BE IT FURTHER RESOLVED, that Todd County Board of Commissions directs the Todd County Solid Waste Department to notify its customers of these changes by sending direct mailings to all licensed waste haulers and by immediately posting signs indicating the change at the Todd County Transfer Station.