



Interoffice Memorandum

May 30, 2024

TO: Mayor Jerry L. Demings
-AND-
County Commissioners

FROM: Ed Torres, MS, PE, LEED AP, Director
Utilities Department

SUBJECT: June 18, 2024 - Discussion Agenda
Tentative Mandatory Refuse Collection Program MSBU Rate
Contact Person: David Gregory, Manager
Solid Waste Division
407-254-9622

Orange County has contracted with waste hauling companies (Haulers) to provide residential solid waste and recyclable materials collection service through the Mandatory Refuse and Recycling Program (Program). Section 32-183 of the Orange County Code requires that the Board set the annual compensation rate to the contract waste hauling companies for collection of solid waste and recyclable material by July 15th of each year. Additionally, in order to include the Municipal Services Benefit Unit (MSBU) assessment for the Program on the Notice of Proposed Taxes, the Board also needs to set the tentative MSBU rate per household. This memo outlines the Program cost components, the Hauler compensation, and the MSBU rate recommendation for Program Year 2025. The final approval of the MSBU rate will occur during the first budget public hearing in September.

The MSBU rate has six main components: Hauler Compensation, Disposal, Program Administration, Recycling, Cart, and Reserves/Rate Stabilization.

Hauler Compensation Component

In accordance with Section 11, Special Terms and Conditions of the Residential Solid Waste and Recyclable Collection Services Term Contract, the Haulers shall receive an annual adjustment in the compensation per household based on changes in the Consumer Price Index and Producer Price Index as explained in Attachment D of the collection contract. The compensation to the contract haulers for calendar year 2025 will be as follows:

Zone 1	\$164.11	per Residential Unit
Zone 2	\$203.00	per Residential Unit
Zone 3	\$176.75	per Residential Unit
Zone 4	\$143.35	per Residential Unit
Zone 5	\$145.90	per Residential Unit

The system weighted average for the 2025 hauler compensation component is \$168.32 per household. This is a \$6.38 or 3.9 percent overall increase from the 2024 hauler collection component.

Disposal Component

The disposal component of the MSBU represents the cost for disposing of residential solid waste material. The projected system average disposal per household is 1.12 tons of Class I and 0.27 tons of yard waste per household. The average system disposal cost is increasing primarily because of a proposed increase in tipping fees. The annual disposal component for 2025 is projected at \$68.28 per household. This represents a \$6.09 or 9.8 percent increase from the 2024 disposal component.

Program Administration Component

The program administration component represents the cost per household for operation and administration of the Program. For 2025 program administration costs are \$13.39 per household, an increase of \$0.37 or 2.8 percent from the 2024 cost component.

Recycling Component

The recycling component represents costs associated with processing collected recyclables and the Recycling Quality Improvement Program that provides enhanced education and direct curbside feedback to residents about their setout recyclables. For 2025, program recycling component costs are \$36.07 per household, a decrease of \$0.08 or 0.2 percent from the 2024 cost component.

Cart Component

The cart component represents the cost per household per year for the purchase of new carts and funding replacement carts over the term of the contract. For 2025, the cart component calculates to \$14.62 per household, which is an increase of \$0.47 or 3.3 percent from the 2024 cost component.

Reserves/Rate Stabilization Component

The rate stabilization/reserves component provides funding for reserves that need to be replenished after the initial \$20 million cart purchase in 2015 and to help smooth out any required future rate increases. For 2025, the reserves/rate stabilization component costs are (\$0.68) per household, a decrease of \$3.23 or 126.67 percent from the 2024 cost component.

MSBU Rate Recommendation

The total cost of the program with the reserves/rate stabilization component for 2025 is \$300 per household an increase of \$10 or 3.34 percent from 2024. Staff recommends setting the MSBU rate for 2025 at \$300 per household.

A summary of rate components is shown in the table below.

2025 Tentative Mandatory Refuse Collection Program MSBU Rate Components

Component	CY 2024	CY 2025	Change
Collection	\$161.94	\$168.32	\$6.38
Disposal	\$62.19	\$68.28	\$6.09
Administration	\$13.02	\$13.39	\$0.37
Recycling	\$36.15	\$36.07	(\$0.08)
Carts	\$14.15	\$14.62	\$0.47
Reserves/Rate Stabilization	\$2.55	(\$0.68)	(\$3.23)
Total	\$290.00	\$300.00	\$10.00

Action Requested:

Approval to establish the haulers' compensation rates as listed, set the MSBU rate of \$300 for Program Year 2025, and authorization to include the Tentative Mandatory Refuse Collection Program Rate of \$300 on the 2024 Notice of Proposed Taxes.

All Districts.