

*Utilities Department*

**Mandatory Refuse &  
Recycling Collection Services  
Tentative 2021 MSBU Rate**

**June 2, 2020**



# Presentation Overview

- MSBU Background
- Proposed 2021 MSBU Rate
- Comparison of MSBU Rates
- Requested Action



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- **MSBU Background**
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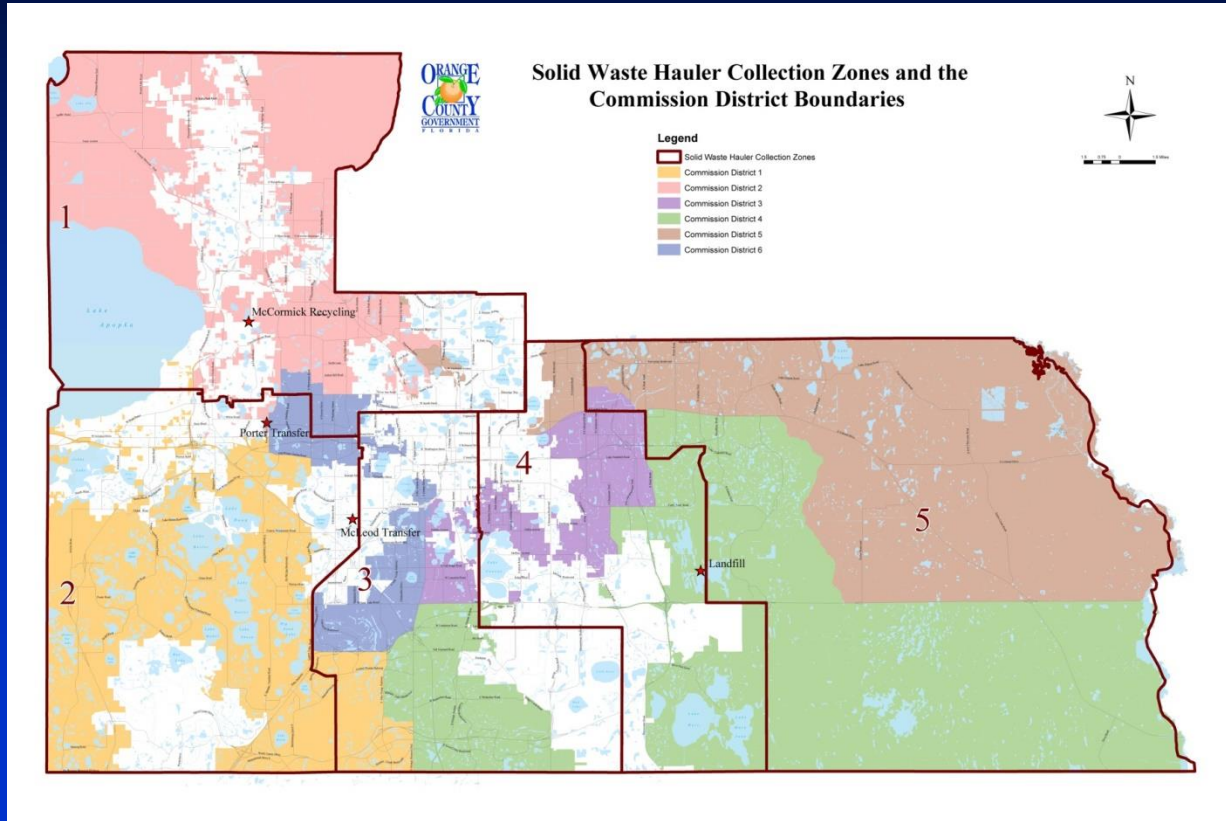


# MSBU Background

- Approximately 220,000 residential households in the Solid Waste Municipal Services Benefit Unit (MSBU)
- Unincorporated area divided into five zones
- One exclusive collection provider per zone
- Weekly garbage, recycling, yard waste, and large item collections
- Collection compensation in each zone adjusted annually using a CPI formula



# MSBU Background





# MSBU Background

- BCC approves hauler compensation annually by July 15
- BCC tentative approval of MSBU rate to be included in proposed property tax notice sent in August
- Final BCC adoption of MSBU rate at first Budget Public Hearing in September



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# Proposed 2021 MSBU Rate

## MSBU Rate Components







# Proposed 2021 MSBU Rate

## ■ MSBU Rate Components

### —Collection

- Annual adjustment based on contract

### —Disposal

- Annual adjustment based on waste generation by customers

### —Administration

- Budget reflects overhead and personnel costs





# Proposed 2021 MSBU Rate

## ■ MSBU Rate Components

### — Recycling

- Amended Recycling Processing Agreement
- Recycling Quality Improvement Program addressing contaminated materials in carts

### — Carts

- Purchase for new residential units and replacement carts
- Portion for end-of-life cart replacement

### — Reserves/Rate Stabilization

- Build up reserves and smooth future rate increases





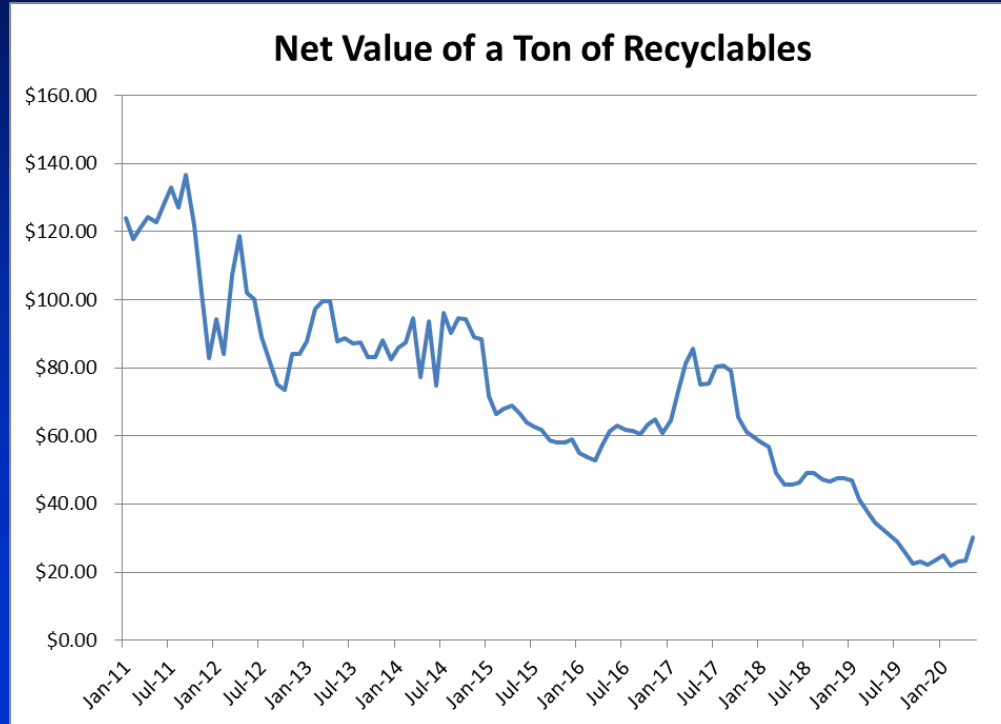
# Proposed 2021 MSBU Rate

| Component                   | CY 2020  | Proposed<br>CY 2021 | Change   |
|-----------------------------|----------|---------------------|----------|
| Collection                  | \$145.54 | \$145.01            | (\$0.53) |
| Disposal                    | \$48.08  | \$46.96             | (\$1.12) |
| Administration              | \$15.46  | \$16.86             | \$1.40   |
| Recycling                   | \$7.90   | \$15.00             | \$7.10   |
| Carts                       | \$13.53  | \$14.10             | \$0.57   |
| Reserves/Rate Stabilization | (\$0.51) | \$7.07              | \$7.58   |
| MSBU Rate per Household     | \$230.00 | \$245.00            | \$15.00  |



# Proposed 2021 MSBU Rate

## ■ Recycling Impacts





# Proposed 2021 MSBU Rate

- **What is impacting recycling?**
  - High percentage of contaminants in carts
  - Overseas markets reducing commodity imports
  - Tighter specifications for U.S. markets
  - Higher recycling cost, less recycling revenue



# Proposed 2021 MSBU Rate

- **How processing markets are reacting**
  - Shift from payment to government for recyclables to risk sharing
  - Governments pay a fee for processing with revenue share from commodity sales to offset cost



# Proposed 2021 MSBU Rate

## ▪ Reserves/Rate Stabilization

– Impacted by unbudgeted/unanticipated expenses

- Hurricanes
- Recycling changes
- Reject disposal costs

– Used for rate stabilization

- Maintained 2020 rate at \$230 per household by funding \$0.51 per household from this component
- Absorbs impact of prepayment discount



# Proposed 2021 MSBU Rate

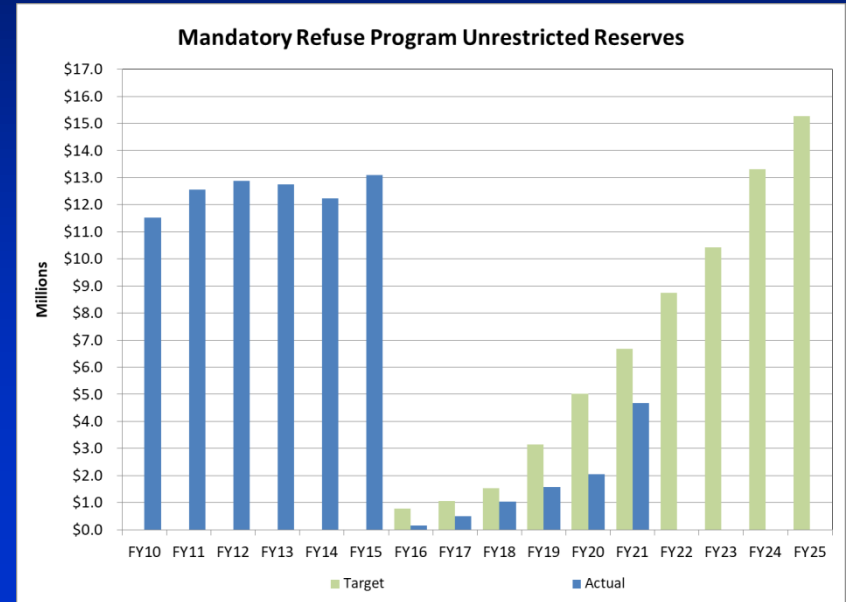
- **Reserves/Rate Stabilization**
  - **10-year plan to rebuild unrestricted reserves**
    - **Unrestricted reserves depleted after the purchase of garbage and recycling carts in 2015 for the current program**





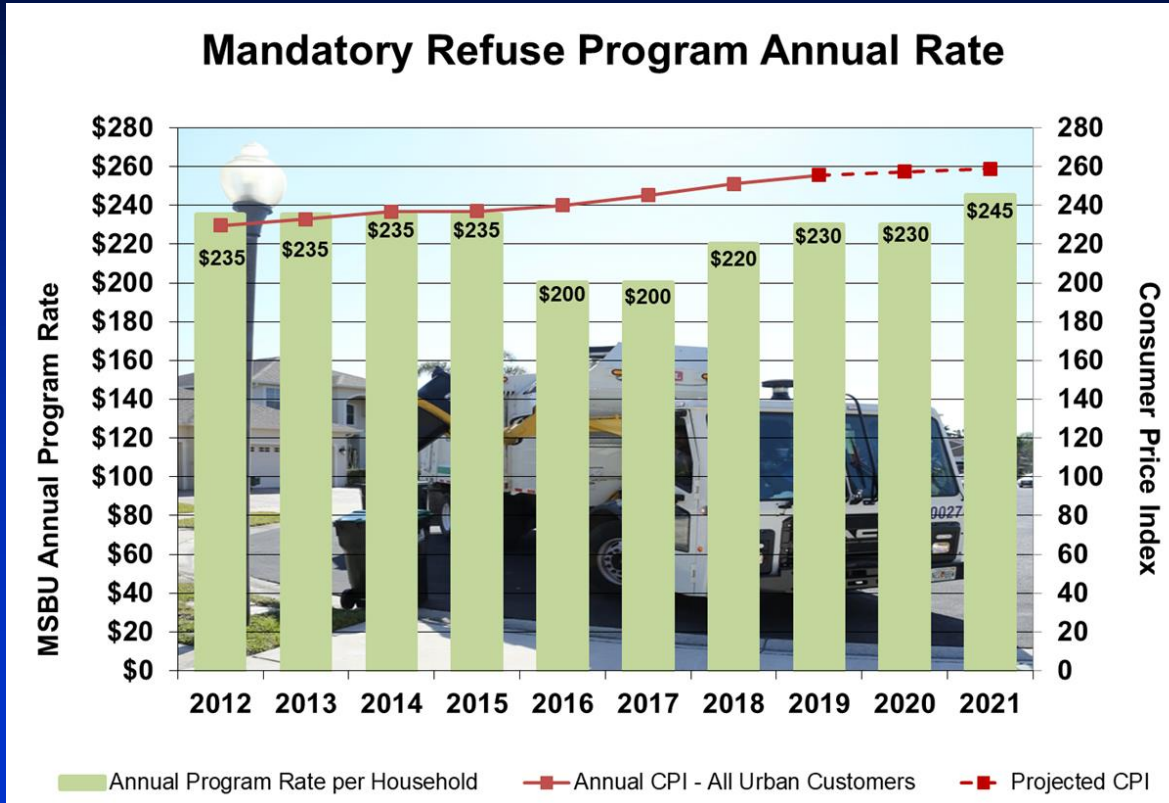
# Proposed 2021 MSBU Rate

- Reserves/Rate Stabilization Increase
  - Targeting \$15 - \$16 million for FY 2025
    - Will partially fund large-scale cart replacements at end of 10-year useful life
    - Reserves growth has not met annual targets





# Proposed 2021 MSBU Rate





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# Comparison of MSBU Rates

|                        |                 |
|------------------------|-----------------|
| - Miami-Dade County    | \$484.00        |
| - Palm Beach County*   | \$419.16        |
| - Osceola County       | \$278.65        |
| - Broward County       | \$270.00        |
| - <b>Orange County</b> | <b>\$245.00</b> |
| - Hillsborough County  | \$234.32        |
| - Seminole County*     | \$230.72        |
| - Lee County*          | \$221.11        |

\*Average of different rates charged



# Comparison of MSBU Rates

|                        |                 |
|------------------------|-----------------|
| - Ocoee                | \$252.00        |
| - <b>Orange County</b> | <b>\$245.00</b> |
| - Orlando              | \$231.36        |
| - Winter Garden        | \$228.00        |
| - Winter Park          | \$222.00        |
| - Apopka               | \$204.00        |



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# Requested Action

- Tentative approval of MSBU rate at \$245 per household for CY 2021
  
- Set hauler compensation rates for CY 2021:
  - Zone 1     \$141.78 per household
  - Zone 2     \$175.38 per household
  - Zone 3     \$152.69 per household
  - Zone 4     \$123.84 per household
  - Zone 5     \$126.03 per household