



Solid Waste Study Update



Board of County Commissioners
January 15, 2013



Presentation Outline



- **Background**
- **Study Objectives**
- **Current Conditions**
- **Review of Options**
- **Summary**
- **Next Steps**



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Background

- Mayor Jacobs and Mayor Land met in December 2011 to discuss solid waste issues
- Concerns about costs of waste disposal at the Orange County Landfill
- County initiated a study of the solid waste system operations in March 2012



Background

- **Scope of Services**
 - **Phase I – Background Document Review**
 - **Phase II – Market Analysis**
 - **Phase III – Operations Review**
 - **Phase IV – Flow Analysis**
 - **Phase V – Financial Review**
 - **Phase VI – Legal and Political Review**
 - **Phase VII – Structural Review**



Background

- Collaborative process with all the municipalities in the County
- Presentations made to BCC
 - February 7, 2012
 - March 20, 2012
 - April 24, 2012
 - July 10, 2012
 - October 16, 2012
 - January 15, 2013



Background

- **Individual meetings were scheduled with each municipality in April 2012**
- **Mayors Group meetings**
 - **April 27, 2012**
 - **July 11, 2012**
 - **September 21, 2012**
 - **December 17, 2012**



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Study Objectives



- **Operational efficiencies**
- **Reduce costs**
- **Stabilize waste flows**



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Current Conditions

- One of the largest publicly-owned solid waste systems in Florida
- Comprehensive services
 - Class I and Class III landfills
 - 2 waste transfer stations
 - 1 recyclables transfer station
 - Recycled materials processing facility
 - Yard waste/compost processing facility
 - Household hazardous waste facility
 - Waste tires processing facility
 - Small vehicle drop-off facility



Current Conditions

- **Class I Landfill - 552,000 tons per year**
- **Class III Landfill - 124,000 tons per year**
- **Yard Waste - 97,000 tons per year**
- **Waste Tires - 900 tons per year**
- **Recycling Facility - 132,000 tons per year**
- **Current tipping fees**

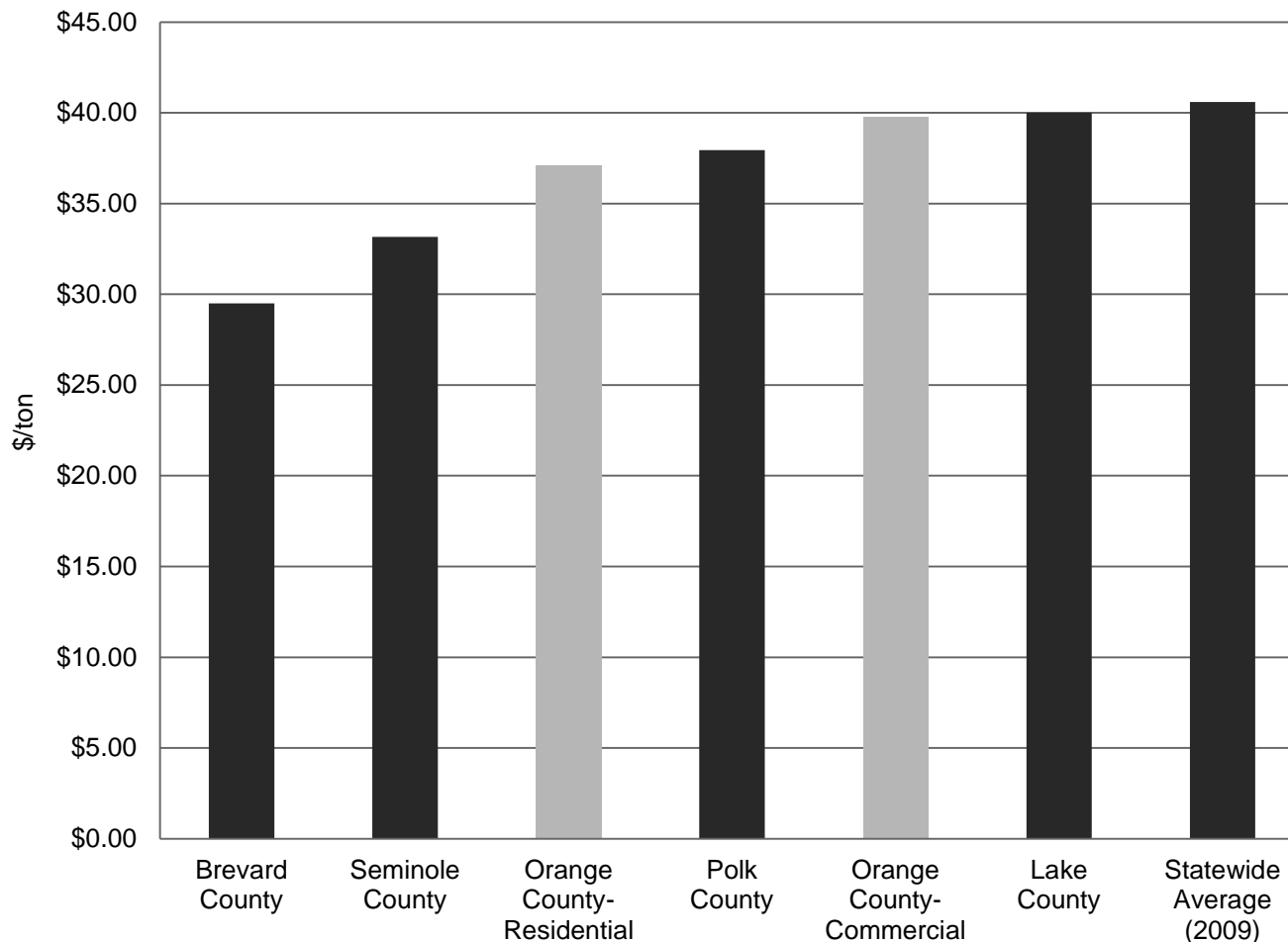
Residential Class I waste - \$37.10/ton

Commercial Class I waste - \$39.80/ton



Current Conditions

2012 Class I Tip Fees at Publicly-owned Landfills



- Orange County Class I tip fees comparable to neighboring counties
- Tip fees at Orange County Landfill historically stable, providing long-term value to customers



Current Conditions

Assessment of future conditions based on current operations and tipping fees

Assumptions

- **No change to current operations and tonnage**
- **Long-term agreements with municipalities and private haulers**
 - **Essential for tonnage required to achieve tipping fee reductions**
- **Current tipping fees held fixed for as long as possible**
 - Residential waste = \$37.10/ton**
 - Commercial waste = \$39.80/ton**
- **Overall tonnage growth consistent with population growth**
- **Variable and fixed operating costs escalated at 3%/year**



Current Conditions

Assessment of future conditions based on current operations and tipping fees

Benefits

- Class I landfill capacity through FY2041 through existing and planned expansions
- Tipping fees can be held fixed at current levels until 2031
 - Operational efficiencies and close monitoring of costs
- Tipping fees will require escalation after 2031
- Operating reserve depleted in later years
 - Not a desirable business practice



Current Conditions

Assessment of future conditions based on current operations and tipping fees

Tip Fees	FY 2013	FY 2021	FY 2031	FY 2041
Residential	\$37.10	\$37.10	\$38.60	\$40.10
Commercial	\$39.80	\$39.80	\$41.70	\$43.10
Projected Increases		0%	4%	4%



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Review of Options



- **Closure and long-term care cost stabilization**
- **Combine Class III into Class I**
- **Commercial waste franchise**
- **Other options evaluated**



Review of Options



- **Closure and long-term care cost stabilization**
- Combine Class III into Class I
- Commercial waste franchise
- Other Options Evaluated



Closure and Long-term Care Costs Stabilization

Background

- Financial responsibility required to permit landfill facilities and provide funds for closure and long-term care of landfills
- Required by the Florida Department of Environmental Protection
- Includes costs for maintenance and monitoring of landfill for 30 years after closure
- Coordination with the Orange County Comptroller's Office



Closure and Long-term Care Cost Stabilization

Stabilization of closure and long-term care costs

Assumptions

- No change to current operations and tonnage
- Long-term agreements with municipalities and private haulers
 - Essential for tonnage required to achieve tipping fee reductions
- Eliminate disparity between commercial and residential tipping fee
- Single tipping fee for residential and commercial waste
 - Projected escalations approximately every 10 years
- Overall tonnage growth consistent with population growth
- Variable and fixed operating costs escalated at 3%/year



Closure and Long-term Care Cost Stabilization

Stabilization of closure and long-term care costs

Benefits

- Class I landfill capacity through FY2041 through existing and planned expansions
- Establish single Class I tipping fee of \$33.60 per ton
- Savings of \$3.50/ton for residential customers (\$37.10-\$33.60)
- Savings of \$6.20/ton for commercial customers (\$39.80-\$33.60)
- Escrow deposits based on more stabilized cost projections
- Future escalations below historical rate of inflation



Closure and Long-term Care Cost Stabilization

Stabilization of closure and long-term care costs

Tip Fees	FY 2013	FY 2021	FY 2031	FY 2041
Residential	\$33.60	\$37.00	\$40.70	\$44.80
Commercial	\$33.60	\$37.00	\$40.70	\$44.80
Projected Increases		10%	10%	10%



Review of Options



- Closure and long-term care cost stabilization
- **Combine Class III into Class I**
- Commercial waste franchise
- Other Options Evaluated



Combine Class III/Class I

Background

- **Class III waste generally consists of bulky materials such as construction and demolition debris**
- **Class I waste is generally garbage from homes and businesses**
- **County operates separate Class I and Class III landfills**





Combine Class III/Class I

Dispose Class III waste in Class I landfill instead of operating two disposal units

Assumptions

- No change in current tonnage
- Long-term agreements with municipalities and private haulers
 - Essential for tonnage required to achieve tipping fee reductions
- O&M cost savings from Class III operations
- Class I landfill escrow deposits increased and Class III decreased
- Escrow deposits based on more stabilized cost projections
- Overall tonnage growth consistent with population growth
- Variable and fixed operating costs escalated at 3%/year



Combine Class III/Class I

Dispose Class III waste in Class I landfill instead of operating two disposal units

Benefits:

- **Class I landfill capacity to FY2034 through existing and planned expansions**
- **Potential implementation in 2014**
- **Implement as a contract option with Class I tipping fee of \$30.50 per ton**
- **Additional Class I savings of \$3.10/ton (\$33.60-\$30.50)**
 - **Total savings of \$6.60 from current residential tipping fee**



Combine Class III/Class I

Dispose Class III waste in Class I landfill instead of operating two disposal units

Tip Fees	FY 2014	FY 2021	FY 2031	FY 2041
Class I	\$30.50	\$32.60	\$34.90	NA
Class III	\$25.60	\$27.40	\$29.30	NA
Projected Increases		7%	7%	NA



Review of Options



- Closure and long-term care cost stabilization
- Combine Class III into Class I
- **Commercial waste franchise**
- Other Options Evaluated



Commercial Waste Franchise

Background

- **Securing waste tonnage is key assumption**
 - Sustain projected tipping fees
 - Less pressure on rates
- **Class I waste tonnages have fluctuated historically**
 - Financial instability and rate pressure
- **Commercial franchise is an alternative to existing license system for regulating waste in the County**
- **Franchises can be exclusive or non-exclusive**
 - Non-exclusive franchise - haulers compete freely within an area
 - Exclusive franchise - haulers compete through bid process to exclusively serve a designated zone



Commercial Waste Franchise

- Typically, non-exclusive franchises are easier to implement
 - No assignment of franchise zones
- Commercial franchises can impact licensed haulers, solid waste facilities and commercial waste generators
- Commercial waste franchises have been implemented in Florida
 - Exclusive: Brevard County, Hillsborough County, Lee County
 - Non-Exclusive: Clay County, Seminole County
- Independent legal counsel verified County's authority to implement this option in unincorporated Orange County
- Commercial franchise will require public hearings and 3-year notice to commercial haulers
- Opposition can be expected
 - Develop outreach program



Commercial Waste Franchise

Waste stabilization through franchise of commercial waste in unincorporated Orange County

Findings:

- **Class I landfill capacity to FY2035 through existing and planned expansions**
- **More permanent waste assurance than waste period agreements**
- **Projected additional savings based on estimated commercial waste quantities**



Review of Options



- Closure and long-term care cost stabilization
- Combine Class III into Class I
- Commercial waste franchise
- **Other Options Evaluated**



Other Options Evaluated

- **Eliminate Compost Operation**
 - Service valued by customers
 - Helps County meet recycling goals
 - County to monitor future trends
- **Privatize Transfer Stations Transport**
 - Limited comparison data for evaluation
 - County to re-evaluate in the future
- **Eliminate Transfer Stations**
 - Transportation costs transferred to users
 - Potential tonnage loss to other transfer stations
 - Garbage truck traffic increase at landfill



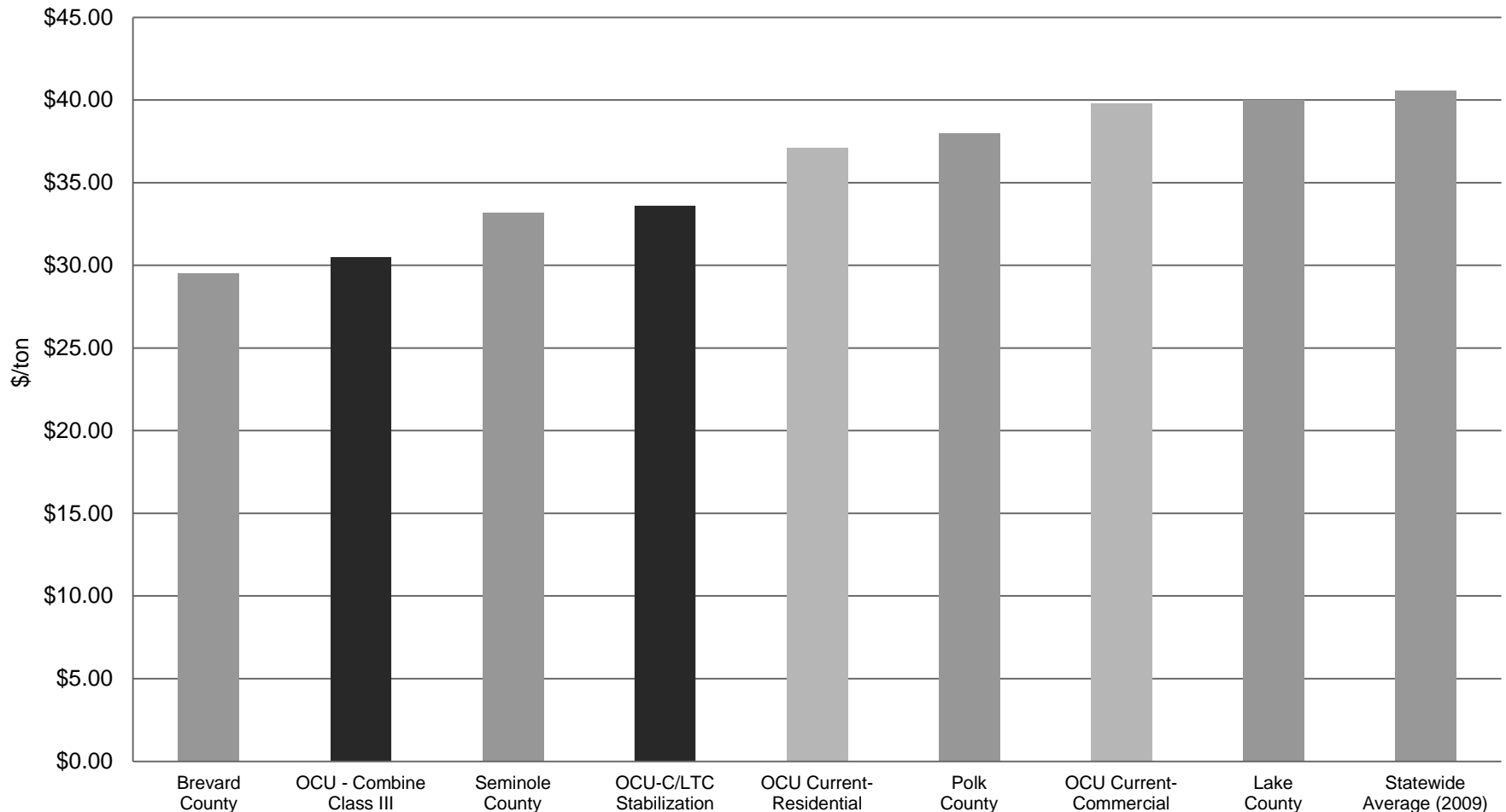
Review of Options Summary

Options	FY 2013	FY 2014	FY 2021	FY 2031	FY 2041
Current Conditions	\$37.10 - R \$39.80 - C		\$37.10 - R \$39.80 - C	\$38.60 - R \$41.70 - C	\$40.10 - R \$43.10 - C
C/LTC Cost Stabilization	\$33.60		\$37.00	\$40.70	\$44.80
Combine Class III/Class I		\$30.50	\$32.60	\$34.90	NA



Tipping Fee Comparison

Class I Tip Fees at Publicly-owned Landfills





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Summary

- **Adopt rate resolution for new Class I tipping fee in 2013**
 - Residential and Commercial Class I rate - \$33.60
 - 10%-16% savings from current Class I tipping fees
- **Pursue implementation of disposal of Class III into Class I landfill by 2014 as a contract option**
 - Requires long-term agreements with municipalities and commercial haulers in 2013
 - Residential and Commercial Class I rate - \$30.50
 - 18%-23% savings from current Class I tipping fees
- **Initiate outreach program for potential implementation of commercial waste non-exclusive franchise**
 - Evaluate implementation viability through outreach process



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Next Steps

- **Distribute Solid Waste Study Report next week**
- **Schedule approval of the report in February**
- **Initiate implementation of the report recommendations**



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