



## Interoffice Memorandum

July 26, 2017

07-27-17 11:16 RCVD

17-1045 RCVD

TO: Katie Smith, Manager Deputy Clerk Comptroller Clerk's Office

THRU: Cheryl Gillespie, Agenda Development

FROM: Raymond E. Hanson, P. E., Director, Utilities Department

Contact: James Becker, Manager  
Solid Waste Division

RE: Request for Public Hearing - September 7, 2017;  
To adopt rate resolution and to consider exemptions from full solid waste  
collection service.

Applicant: N/A

Location: District: All

Estimated time required for public hearing: 2 minutes

Hearing controversial? No; could have a few comments from  
public on appeals and mandatory  
program

Advertising requirements: Publish once in the legal classified  
section of the Orlando Sentinel

Advertising timeframes: Place ad 20 days prior to September  
7, 2017, nor more than 30 days prior.

Applicant/Abutters to be notified: N/A

Hearing required by Fla. Statute # or code: F.S. 197.3632

Spanish Contact Person: Para más información, por favor llame  
al Departamento de Servicios  
Públicos del Condado de Orange y  
pida hablar con un representante en  
español. El número de teléfono es  
407-836-6601.

September 7, 2017  
Ca 2 PM

LEGISLATIVE FILE #

17-1045



## Interoffice Memorandum

Request for Public Hearing - September 7, 2017 BCC Budget Hearing  
July 26, 2017  
Page 2

Materials being submitted as backup for public hearing request:

1. Notice of Public Hearing/Sample
2. Mandatory Refuse Rate Resolution
3. Copy of Tentative Rate Approval by BCC, June 20, 2017
4. Mandatory Collection Appeals Service Year 2018 (will be distributed by the Department one (1) week prior to the public hearing).

### SPECIAL INSTRUCTIONS TO CLERK (IF ANY):

1. Please contact Marchelle Allen at 407-836-6673 to have the legal notice proofed and approved prior to publication.
2. Please return three (3) executed copies of the resolution to Luci Rowe, Utilities Department.
3. In the notice of public hearing, the contact information should be as follows:  
Orange County Utilities Solid Waste Division  
407-836-6601  
E-mail: Solid.Waste@ocfl.net

c: Ajit Lalchandani, P.E., County Administrator  
Christopher R. Testerman, AICP, Assistant County Administrator  
Eric Gassman, Assistant County Administrator  
Todd P. Swingle, P.E., Deputy Director, Utilities Department  
Teresa Remudo-Fries, P.E., Deputy Director, Utilities Department  
Tim Armstrong, Assistant Director, Utilities Department  
Andres Salcedo, P. E., Assistant Director, Utilities Department  
Lila I. McHenry, Senior Assistant County Attorney, County Attorney's Office  
James W. Becker, Manager, Solid Waste Division, Utilities Department  
Glenn Kramer, Manager, Fiscal & Administrative Support Division, Utilities Department  
Marchelle Allen, Section Manager, Solid Waste Division, Utilities Department

## ORANGE COUNTY NOTICE OF PUBLIC HEARING

The Orange County Board of County Commissioners will conduct a public hearing on **September 7, 2017**, at **5:01 p.m.**, or as soon thereafter as possible, in the County Commission Chambers, First Floor, County Administration Center, 201 South Rosalind Avenue, Orlando, Florida. You are invited to attend and be heard regarding a proposed resolution as follows:

**Consideration: RESOLUTION OF THE ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS ESTABLISHING THE CALENDAR YEAR 2018 SPECIAL ASSESSMENT AT \$220.00 FOR RESIDENTIAL FULL SOLID WASTE AND RECYCLING COLLECTION, WITHIN UNINCORPORATED ORANGE COUNTY, PURSUANT TO CHAPTER 32 OF THE ORANGE COUNTY CODE. THE SPECIAL ASSESSMENT SHALL APPEAR ON THE PROPERTY TAX BILL AND SHALL BE COLLECTED IN THE SAME MANNER AS AD VALOREM TAXES, AS AUTHORIZED BY STATE LAW.**

You may examine the notice and the proposed resolution at the office of the Comptroller Clerk of the Board of County Commissioners, 201 South Rosalind Avenue, Fourth Floor; Orlando, Florida; between 8 a.m. and 5 p.m., Monday through Friday.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE OF PUBLIC HEARING, CONTACT THE ORANGE COUNTY UTILITIES SOLID WASTE DIVISION, 407-836-6601, E-mail: [Solid.Waste@ocfl.net](mailto:Solid.Waste@ocfl.net)**

**Para más información, por favor llame al Departamento de Servicios Públicos del Condado de Orange y pida hablar con un representante en español. El número de teléfono es 407-836-6601.**

**If you wish to appeal any decision made by the Board of County Commissioners at this meeting you will need a record of the proceedings. You should ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.**

**If you require special accommodations under the Americans with Disabilities Act of 1990, please call 407-836-5631 no later than two business days prior to the hearing for assistance. Si usted requiere ayuda especial bajo la ley de Americanos con Incapacidades de 1990, por favor llame al 407-836-3111.**

Martha O. Haynie, County Comptroller  
As Clerk of the Board of County Commissioners  
Orange County, Florida

**Publish: August 6, 2017; The Orlando Sentinel Public Record**

**Certify: Mandatory Refuse Rate Resolution and exemptions from full solid waste and recycling collection service**

ks

c: All Board Members' Offices [email]  
County Attorney's Office, BCC [Vermotta Jackson email]  
Raymond E. Hanson, Director, Utilities Department, BCC [email]  
Jim Becker, Solid Waste Division, BCC [email]  
Mike Seif, Orange TV, BCC [email]  
Deputy Clerk  
Chris Schmidt, Development Services Analyst, BCC [email]

# RESOLUTION

*of the*  
**ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS**  
*regarding*  
**ESTABLISHING THE CALENDAR YEAR 2018 SPECIAL  
ASSESSMENT AT \$220.00 FOR RESIDENTIAL FULL SOLID  
WASTE AND RECYCLING COLLECTION, PURSUANT TO  
CHAPTER 32 OF THE ORANGE COUNTY CODE**

**Resolution No. \_\_\_\_\_**

WHEREAS, Section 32-160(j)(1), Orange County Code, addresses full solid waste and recycling collection service (full service) and requires that all persons owning property entitled to full service shall be obligated to pay a charge established by the Board for such full service; and

WHEREAS, Section 32-160(j)(1), Orange County Code, requires that the assessments necessary to fund the program shall be established by resolution of the Board of County Commissioners after public hearing with public notice in the same manner as for County ordinances; and

WHEREAS, a copy of this resolution has been published in accordance with state law, prior to this September 7, 2017 hearing; and

WHEREAS, the Board of County Commissioners on June 20, 2017 tentatively set the amount for the residential mandatory solid waste and recycling collection service special assessment for calendar year 2018 at \$220.00.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ORANGE COUNTY:

Section 1. The calendar year 2018 special assessment for the mandatory residential full service program is hereby established at \$220.00 (the "Special Assessment"). Such Special Assessment is necessary to fund the cost of providing solid waste collection and recycling service to approximately 217,425 residences in 2018 at an annual estimated cost of \$47,833,500.



34           Section 2. The Special Assessment shall continue to be imposed upon any parcel of land  
within unincorporated Orange County on which is located: a mobile home park not exceeding  
36   four (4) dwelling units, mobile home subdivisions, single-family residences, and multi-family  
residences not exceeding four (4) dwelling units under one common roof. Each dwelling unit in  
38   a multi-family residence shall constitute a separate benefit unit.

Section 3. The Special Assessment shall continue through calendar year 2018 in all  
40   respects as described in Orange County Resolution 85-SW-06, as amended, and Chapter 32 of  
the Orange County Code, as amended, providing for the procedure by which solid waste and  
42   recycling shall be collected and disposed of in Orange County. The Special Assessment shall  
appear on the property tax bill and shall be collected in the same manner as ad valorem taxes, as  
44   authorized by state law.

Section 4. The annual rate of compensation paid to the franchisees providing solid waste  
46   collection and recycling services is set as follows:

ZONE 1	\$139.17 PER RESIDENTIAL UNIT
48   ZONE 2	\$172.14 PER RESIDENTIAL UNIT
ZONE 3	\$149.88 PER RESIDENTIAL UNIT
50   ZONE 4	\$121.56 PER RESIDENTIAL UNIT
ZONE 5	\$123.71 PER RESIDENTIAL UNIT





## Interoffice Memorandum

June 5, 2017

**TO:** Mayor Teresa Jacobs  
and Board of County Commissioners

**FROM:** Raymond E. Hanson, P. E., Director  
Utilities Department

A handwritten signature in black ink, appearing to be "R. Hanson", written over the "FROM" line.

**SUBJECT:** BCC AGENDA ITEM - Discussion Agenda  
June 20, 2017 BCC Meeting  
Tentative Mandatory Refuse Collection Program MSBU  
Contact Person: James Becker, Manager  
Solid Waste Division  
407-254-9660

In order to include the Mandatory Refuse and Recycling Program MSBU on the Notice of Proposed Taxes, Section 32-183 of the Orange County Code requires that the Board set the tentative annual rate for the residential collection of solid waste and recyclables by July 15th of each year. The final approval of the MSBU will occur during the budget hearings in September.

The Mandatory Refuse and Recycling Program MSBU has five main components: Hauler Compensation, Disposal Costs, Program Administration Costs, Carts, and a Rate Stabilization Component.

### Hauler Compensation

In accordance with Section 11, Special Terms and Conditions of the Residential Solid Waste and Recyclable Collection Services Term Contract, the contractors shall receive an annual adjustment in the compensation per household based on the Consumer Price Index methodology, explained in Attachment D of the contract. In addition, on April 11, 2017 the BCC approved amending the Residential Garbage and Recycling Collection contracts to include scheduled weekly collection of large items which increase the hauler compensation for 2018 service. The compensation to the franchisees for calendar year 2018 will be as follows:

ZONE 1	\$139.17	PER RESIDENTIAL UNIT,
ZONE 2	\$172.14	PER RESIDENTIAL UNIT,
ZONE 3	\$149.88	PER RESIDENTIAL UNIT,
ZONE 4	\$121.56	PER RESIDENTIAL UNIT,
ZONE 5	\$123.71	PER RESIDENTIAL UNIT.

The system average for the 2018 hauler compensation component which includes the annual increase and the new large item collection service is \$141.72 and is recommended by staff. This is a \$16.99 or 13.6% increase from the 2017 hauler collection component of \$124.73 per household.

June 20, 2017 BCC Discussion Agenda – Tentative Mandatory Refuse Collection Program MSBU  
June 5, 2017  
Page 2

**Disposal Costs**

The disposal component of the MSBU represents the cost for disposing of the residential solid waste material. The annual disposal component adjustment for calendar year 2018 is projected at \$46.61 per household for 2018. This represents \$2.14 or 4.8% increase from the 2017 disposal component.

**Program Administration Costs**

The program administration cost component represents the cost per household for operation and administration of the Mandatory Refuse and Residential Recycling Programs. The 2018 Program Administration costs increased 13.5%, from \$13.18 to \$14.96, for an increase of \$1.78 per household. This increase is due to additional labor needed to meet customer service demands which should be reduced when customers experience scheduled weekly large item collection service.

**Cart Component**

The cart component cost represents the cost per household per year for the purchase of new and replacement carts over the term of the contract. This amount remains unchanged at \$8.83.

**Rate Stabilization**

The rate stabilization component provides funding for reserves that need to be replenished after the initial \$20 million dollar cart purchase in 2015. Over the next several years reserve funds will be rebuilt to provide funding to address future budgetary needs. The Rate Stabilization component is \$7.88 per household, a decrease of \$0.91, or 10.4% from the 2017 amount.

**MSBU Rate Recommendation**

The total cost of the program for 2018 is \$212.12 per household. Staff recommends setting the MSBU for 2018 at \$220 per household to ensure the program's financial viability while providing funding to replenish reserves that funded the \$20 million cost of the new roll carts.

**Action Requested:**

**Approval to establish the haulers compensation rates as listed and set the MSBU at \$220 for Program Year 2018 and authorization to include the Tentative Mandatory Refuse Collection Rate of \$220 on the 2017 Notice of Proposed Taxes.**

**All Districts.**



## Interoffice Memorandum

May 10, 2017

To: James Becker, Manager  
Solid Waste Division

From: Glenn Kramer, Manager   
Utilities Fiscal & Operational Support Division

Subject: **Calendar Year 2018 MSBU Rate Recommendation  
Mandatory Refuse & Recycling Program**

The Orange County Residential Solid Waste and Recyclable Collection Services Term Contract, Y15-144, established a basis for adjusting the collection payment to the franchise haulers each subsequent year of the contract. This adjustment must be calculated during the budget process each year to ensure that the collection expense for the next fiscal year is properly budgeted.

The payment to the franchise haulers for collection services and the related disposal expense are the key components of the MSBU rate, which funds the Mandatory Refuse & Recycling Program (Program). As such, analysis must be performed to evaluate the impact of these components on the MSBU rate for the next calendar year (CY) and to determine whether an adjustment to the rate is warranted.

The purpose of this memorandum is to provide you with the revised collection, disposal, and program costs effective January 2018 and our MSBU rate recommendation for CY 2018.

### **Analysis – Calendar Year 2018**

#### Hauler Collection Compensation

The hauler collection compensation component represents a system-wide average collection price per household for all zones in the program. Using a system average is necessary to evaluate the MSBU rate because the competitive bidding process established collection prices that varied among the 5 zones.

Due to the addition of once a week large item collection to the CY 2018 program, the CY 2018 hauler collection compensation component was calculated in two steps.

The first step utilizes the Consumer Price Index methodology established in the contract. This calculation resulted in a *decrease* of 0.10% for CY 2018 as compared to the CY 2017 collection compensation. This is attributable to the ongoing decreasing trend in natural gas pricing.

After applying this decrease to each of the 5 zones and projecting customer growth for 2018, the average system cost for collection increases to \$124.95 per household. This represents a \$0.22, or 0.2%, increase from the 2017 hauler collection compensation

component of \$124.73. This system-wide rate is increasing due to higher growth rates in zones with greater collection costs per household.

The second step utilizes quotes received from each of the three contract haulers for each of their respective zones. After applying these amounts to the projected customer growth for 2018, the average system cost for the new service calculated at \$16.77 per household.

When combined, the 2018 average system cost for collection becomes \$141.72. In subsequent years, the contract basis for adjusting the collection payment will be applied to this new combined rate.

#### Disposal Component

The disposal cost component of the MSBU rate represents the average disposal cost per household for all zones in the program. Using a system average is necessary because each of the contracts for the five zones establishes waste generation rates that vary among the zones. The contracts established a waste generation rate for each zone for both Class I and yardwaste tonnages. As these rates are an upper-limit, our analysis projects the Class I and yardwaste waste generation rates for 2018 based on actual experience for the tonnage per household received over the past eight years.

Using this method, the 2018 average waste generation rate for Class I garbage is 1.11 tons per household and 0.27 tons per household for yardwaste. As there has not been an increase in Solid Waste System tipping fees since FY 2011, the FY 2018 budget submission includes a proposal to index these fees by 3.5%. Therefore, using the proposed FY 2018 Class I disposal rate of \$34.80 per ton and the proposed FY 2018 yardwaste disposal rate of \$30.00 per ton, the disposal component is calculated to be \$46.61. This represents a \$2.14 or 4.8% increase from the 2017 disposal component.

#### Program Administration Component

The program administration cost component represents the cost per household for operation and administration of the program based on the budget for the corresponding fiscal year. For 2018, the program administration component calculates at \$14.96 per household, which is a \$1.78 or 13.5% increase from the 2017 administration component of \$13.18. This increase is being driven by the need for additional labor to meet the customer service needs of the program. As large item collection is implemented and program customers continue to improve recycling efforts, these additional costs needed in the early years of the new program should be reduced in subsequent years.

#### Cart Component

The cart component cost represents the cost per household per year for the purchase of new and replacement carts over the term of the contract. This amount remains unchanged at \$8.33.



Cost Component Total

The 2017 Program cost on a per-household basis was \$191.21. Due to the amended contracts to include once per week large item collection and increases in the disposal and administration components, the projected cost of the program for 2018 is \$212.12 per household. The following table compares the Program cost for 2017 to the projected Program cost for 2018:

	Current 2017	Projected 2018	2017 to 2018 Variance
1-1-1 Collection	\$124.73	\$124.95	\$0.22
New Large Item Collection	0.00	16.77	16.77
Disposal	44.47	46.61	2.14
Administration	13.18	14.96	1.78
Cart	8.83	8.83	0.00
<b>Program Cost Per Customer</b>	<b>\$191.21</b>	<b>\$212.12</b>	<b>\$20.91</b>

**Recommendation**

With Program costs increasing, we are recommending that the MSBU rate for the third year of the 10-year contract period increase to \$220.00 per household. This will continue to provide a rate stabilization component to the MSBU rate as follows:

	Current 2017	Projected 2018	2017 to 2018 Variance
1-1-1 Collection	\$124.73	\$124.95	\$0.22
New Large Item Collection	0.00	16.77	16.77
Disposal	44.47	46.61	2.14
Administration	13.18	14.96	1.78
Cart	8.83	8.83	0.00
<i>Rate Stabilization</i>	<i>8.79</i>	<i>7.88</i>	<i>(0.91)</i>
<b>MSBU Cost per Customer</b>	<b>\$200.00</b>	<b>\$220.00</b>	<b>\$20.00</b>

In evaluating the existing and projected cash reserves of the program, we have determined that the revenue generated by increasing the MSBU rate to this amount will be sufficient to maintain the program's financial viability. The rate stabilization component will provide approximately \$1.7M additional funding in 2018, and it allows the Program to continue replenishing its reserves after the initial \$20M cart purchase in 2015, which was required for automated collection. Over the next several years, rebuilding reserves in this manner will be needed to achieve the target reserve level. By doing this, the Program will be in a healthier financial position to address future budgetary needs that may arise.

If you have, any questions regarding this recommendation, please feel free to contact me.



## 2018 MSBU Rate Recommendation

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- c: Raymond E. Hanson, P.E., Director, Utilities Department  
Teresa Remudo-Fries, P.E., Deputy Director, Utilities Department  
Todd Swingle, P.E., Deputy Director, Utilities Department  
Tim Armstrong, Assistant Director, Utilities Department  
Helaine Zarek, Financial Administrator, Fiscal & Operational Support Division  
Marchelle Allen, Utilities Section Manager, Solid Waste Division  
Michelle Driscoll-Begy, Sr. Financial Analyst, Fiscal & Operational Support Division



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*of the*  
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