

SOLID WASTE MANAGEMENT FUNDS

TRANSFER STATION OPERATIONS

GENERAL INFORMATION:

The Transfer Station opened in August of 1995. Project costs totaled approximately \$10,128,000. Available balances funded \$1,181,000 of construction costs. Bond proceeds of \$8,778,400, a sales tax refund of \$154,600, and interest earnings funded the balance of the project costs. Two bond issues financed construction of the facility. Series A was issued November 1, 1994 in the amount of \$7,000,000 and Series B December 1, 1995 in the amount of \$2,625,000. An advance refunding of the Series A issue was completed as of June 1, 1998. The Series A refunded debt and the Series B debt were advance refunded in June of 2008. Annual debt service requirements on these issues were funded from transfer station and refuse collection revenues until fiscal year 2004/2005. In 2004/2005 \$470,000 of a total of \$751,394 in transfer station debt service costs was funded from debt service taxes. Beginning in 2005/2006 and continuing through 2012/2013 100% of the debt service costs for the transfer station will be funded from debt service taxes. For 2012/2013 the transfer station debt service requirements are \$726,219.

The transfer station construction project included a separate building for storage and maintenance of the City's refuse collection vehicles. The allocated cost of this building was \$1,312,000 of the total project construction costs. The Refuse Collection activity funded \$200,000 of this cost in 1994/95 and is funding a pro-rated (12.15%) share of the annual debt service requirements on the refunded bond issue.

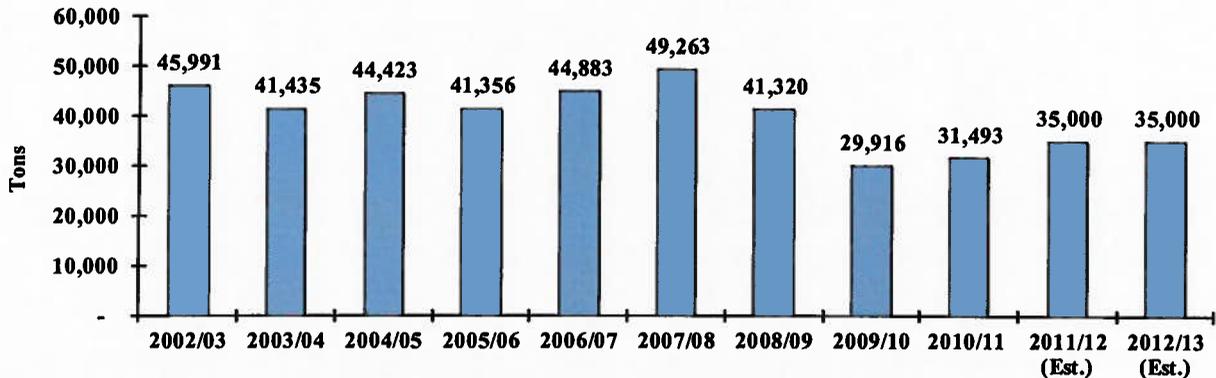
The Solid Waste Manager oversees the operation of the Transfer Station. Funding for this position is currently being allocated one-fourth each to the Transfer Station and Landfill funds, and one-half to the Refuse Collection fund. The Solid Waste Manager's primary responsibilities involve overseeing the transfer station operation as well as the overall coordination of the refuse collection, transfer station and landfill functions. The Solid Waste Manager reports to the Public Works Director.

CURRENT TRENDS AND ISSUES:

The Transfer Station opened in August 1995. While original estimates suggested a per ton tipping fee in excess of \$40.00 per ton, the Transfer Station was opened with an introductory rate of \$35.00 per ton and this rate increased to \$36.00 per ton effective October 1, 1996, and to \$37.00 per ton effective July 1, 1997. The rate increased to \$38.00 for 2001/2002 and to \$41.00 per ton for 2002/2003. As the transfer station rate includes funding for the landfill, increased landfill operating costs affect the rate required to be charged at the transfer station. Due to significant landfill cell development costs in recent years the tipping fee was increased to \$60 per ton effective July 1, 2009.

Waste volumes at the Transfer Station have decreased significantly since the 2002/2003 fiscal year as shown below. The local economy as well as the July 1, 2009 rate increase impacted the transfer station waste volume. Revenues and expenditures for the 2011/2012 revised estimate and 2012/2013 budget have been projected based on 35,000 tons of waste each year.

Transfer Station Usage (Tons)



For the 2009/2010 budget, the transfer station tipping fee was increased from \$41.00 to \$60.00 per ton, primarily due to landfill cell development costs which resulted in a deficit of over \$2 million in the Landfill fund. The landfill portion of the fee was increased from \$25.00 to \$40.00 per ton. In past years rates were held at a lower level due to concerns that increasing this rate may result in the loss of waste volume to Illinois landfills which have lower tipping fees. The rate increase was needed to generate funding to reduce the accumulated deficits in both the Landfill and Transfer Station funds.

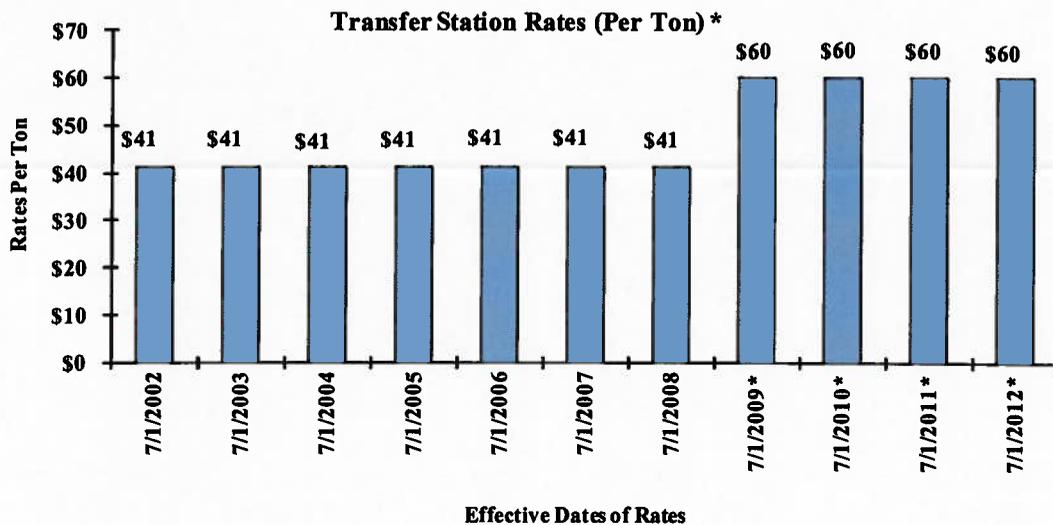
With significant deficits in both the Landfill and Transfer Station funds, the Solid Waste Agency and the City considered implementing flow control measures which would have required all waste generated in the Agency area to be brought to the Transfer Station and Landfill. Area businesses and the Chamber requested a committee be formed of business leaders, city staff, an Agency member, and others, to discuss the impacts that flow control would have on area businesses and possible alternate solutions. The Committee's recommendations included allowing for additional negotiated industrial contracts which would bring additional waste volume and revenue to the Landfill. City Council approved the Committee's recommendations at their October 7, 2010 meeting and five new industrial contracts have been entered into which will bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over the next three years.

While revenue from the new industrial contracts will pass through the Transfer Station budget as tipping fees, this additional revenue has been directed toward the accumulated deficit in the Landfill fund and is not expected to provide funding toward the deficit in the Transfer Station fund. In 2010/2011 the City took several actions to reduce the deficit in the Transfer Station fund. These included (1) reducing the allocation of the Solid Waste Manager to the Transfer Station from 33.3% to 25% for a savings of \$8,300, (2) reducing the allocation of the Clerk from 66.7% to 50% for a savings of \$9,100, (3) reducing Saturday hours to 8:00 a.m. to noon during the winter months for a savings of \$4,000 in overtime and \$1,000 in temporary services, (5) reducing overtime by an additional \$11,000 with weekday scheduling changes, (6) no longer charging e-waste, appliance, and tire disposal fees to this budget for items picked up during Cleanup Week at no charge which will transfer \$23,500 of expenses from the Transfer Station to the Refuse Collection budget, (7) not including funds for any capital items, and (8) various other line item reductions totaling \$20,000. In 2010/2011 the City also made a \$200,000 transfer from the Refuse Collection fund to the Transfer Station fund to help eliminate the deficit balance. This resulted in a smaller deficit of \$12,874 at the end of 2010/2011. An additional \$50,000 transfer from the Refuse Collection fund is included in the 2011/2012 revised estimate which will result in a projected \$39,276 positive fund balance at the end of 2011/2012. Based on budget assumptions, the Transfer Station fund balance is projected to increase to \$72,106 by the end of the 2012/2013 year.

The 2011/2012 revised estimate expenditures are \$19,500 higher than the original 2011/2012 budget primarily due to increased repair and maintenance and capital outlay costs. These costs included electrical repairs for the parking lot lights, scale repair costs, roof repairs, and replacement of the air conditioner cooler.

The budget for 2012/2013 is \$11,180 (.6%) less than the 2011/2012 budget primarily due to a \$13,480 reduction in transfers from this fund. Transfers include the fifth and final payment on the internal loan used to finance the track loader that was purchased in 2008/2009. The final payment is lower than the previous payments due to the lower interest rates in recent years.

Following is a chart showing the Transfer Station rates since 2002.



* In addition to the rates shown above, in 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Five additional industrial contracts were approved in 2010 which have varying rates. City staff continues to closely monitor waste volumes and revenues and expenditures at this facility.

GOAL STATEMENT:

To operate the Transfer Station/Recycling Facility in an environmentally sound and fiscally responsible manner in order to provide for solid waste handling and disposal for the City of Muscatine and the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Tons of Waste Processed	41,320	29,916	31,493	35,000	35,000
Public Tours/Programs	50	50	70	50	50
Tons Recycled (Contractor)	5,388	4,994	4,609	4,500	4,500
Gallons of Waste Oil Collected (Est.)	6,500	5,340	5,110	5,000	5,000

RECENT ACCOMPLISHMENTS:

Over the past year the Transfer Station and the other Solid Waste divisions have utilized the local cable television public access channel to provide public information to residents of the community. The Greener Side television program is a 30-minute program that provides information and updates on services and includes featured guests from the electronic e-newsletter "The Greener Side". Four to five publications and television programs are created each year.

During the past year, as part of the effort to reduce costs in this division, overtime costs were reduced by making changes in operating hours and staff schedules. The cost savings is estimated at \$12,000 in the 2011/2012 year.

In 2011 the Refuse Collection division began a contracted curbside recycling service for City residential customers. This replaced the recycling trailers that were located throughout the community. A new public recycling drop-off area was created outside of the main gate near the Compost Site entrance at the Transfer Station. The site is open 24 hours a day, seven days a week. While City residents can use this area anytime, the majority of use is from businesses or individuals not residing in the City. Transfer Station staff created this drop-off recycling area with no direct cost by using recycled street millings.

The implementation of the curbside recycling program has resulted in a reduction of recycling material coming into the City Carton operated area of the Transfer Station. City Carton has been a long time partner with the Transfer Station and the City receives a commission from their recycling volumes. To help support City Carton during this transition, Transfer Station staff has helped promote business recycling in "The Greener Side" newsletter and public access program, the City's website, and at public speaking programs. Tours are also given of the facility to community groups, schools, and businesses who are interested in both City Carton and the City's recycling services.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To continue to participate in public outreach, beautification programs, sustainability, and other environmental programs in the community.
- * To investigate and discuss Green Building opportunities with staff of the Community Development department.
- * To continue staff safety programs.
- * To review the Transfer Station operation for "Lean" initiatives. **(Management Agenda High Priority)**

TRANSFER STATION FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Refunding Bonds
Transfer Station Portion of
Refunding of Advance Refunding of November 1, 1994
Solid Waste Transfer Station and Recycling Center (Series A)
Issue Dated June 1, 1998 and December 1, 1995 Issue
\$3,896,598 of \$6,560,000 Refunding Issue Dated June 1, 2008 (Series B)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011/12	\$ 659,250	\$ 66,420	\$ 725,670
2012/13	681,225	44,994	726,219
2013/14	703,200	22,854	726,054
Total	<u>\$ 2,043,675</u>	<u>\$ 134,268</u>	<u>\$ 2,177,943</u>

Principal and interest payments for this general obligation bond issue are made from the Debt Service Fund. Bond proceeds from the original issues financed construction of the Transfer Station. Accordingly, transfers from the Transfer Station Fund to the Debt Service Fund were intended to be made annually to fund principal and interest payments on these portions of the bond issues as they become due.

Due to the reduction in waste volume and revenues to the Transfer Station Fund, 100% of the debt requirements in both 2011/2012 and 2012/2013 will be paid from debt service taxes rather than the Transfer Station Fund.

Transfer Station Operations

Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance (Deficit), July 1	\$ (172,063)	\$ (216,040)	\$ (16,240)	\$ (12,874)	\$ 39,276
Revenues					
Charges for Services	\$ 1,726,975	\$ 1,729,067	\$ 1,890,000	\$ 1,890,000 (2)	\$ 1,890,000 (3)
Household Hazardous Waste	1,155	138	350	350	350
Recycling Commissions	60,123	49,946	30,000	30,000	30,000
Rental of Land	1,500	1,500	1,500	1,500	1,500
Sales Tax	6,461	6,735	7,000	7,000	7,000
Miscellaneous Sales	0	13	350	350	350
Electronic Waste Disposal Fees	8,423	7,970	15,000	9,000	9,000
Appliance Disposal Fees	11,618	11,076	15,000	12,000	12,000
Sale of Equipment	5,049	0	0	0	0
Other	800	3	0	0	0
Transfers In:					
Surcharge Reserve	31,412	33,068	36,750	36,750	36,750
Refuse Collection Fund	0	200,000	0	50,000 (4)	0
Total Revenues	\$ 1,853,516	\$ 2,039,515	\$ 1,995,950	\$ 2,036,950	\$ 1,986,950
Funds Available	\$ 1,681,453	\$ 1,823,475	\$ 1,979,710	\$ 2,024,076	\$ 2,026,226
Expenditures (1)	1,897,493	1,836,350	1,965,300	1,984,800	1,954,120
Ending Balance (Deficit), June 30	\$ (216,040)	\$ (12,874)	\$ 14,410	\$ 39,276	\$ 72,106
Increase (Decrease) in					
Fund Balance	\$ (43,977)	\$ 203,166	\$ 30,650	\$ 52,150	\$ 32,830

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Revised estimate Transfer Station charges for services based on 21,000 tons at \$60/ton plus 9,000 tons at the industrial rate of \$50/ton plus \$180,000 from the negotiated Industrial Contracts which is passed through to the Landfill.
3. FY 2012/2013 Transfer Station charges for services based on 21,000 tons at \$60/ton plus 9,000 tons at the industrial rate of \$50/ton plus \$180,000 from the negotiated Industrial Contracts which is passed through to the Landfill.
4. A \$50,000 transfer is budgeted from the Refuse Collection fund to this fund to avoid a deficit balance at the end of 2011/2012.

Explanation of Changes in Fund Balances:

The deficit balance in this fund is primarily due to reduced waste volume at this facility. A \$200,000 transfer from the Refuse Collection fund was made in 2010/2011 which assisted in reducing the prior year deficit. An additional \$50,000 transfer is budgeted for 2011/2012.

Transfer Station Closure Reserve (1)

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 29,095	\$ 29,095	\$ 38,645	\$ 38,645	\$ 38,645
Revenues					
Transfers In					
Transfer Station Fund	<u>0</u>	<u>9,550</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	\$ 29,095	\$ 38,645	\$ 38,645	\$ 38,645	\$ 38,645
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 29,095</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>

Increase (Decrease) in Fund Balance	\$ -	\$ 9,550	\$ 0	\$ 0	\$ 0
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1. This reserve is required according to State regulations.

Function:
Business Type

Department:
Public Works

Activity:
Transfer Station

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 251,049	\$ 239,696	\$ 222,500	\$ 221,200	\$ 226,700	1.89%
Commodities	36,671	36,210	40,700	41,800	38,900	-4.42%
Contractual Services	1,502,904	1,501,517	1,655,300	1,671,500	1,655,200	-0.01%
Capital Outlay	59,123	2,163	-	3,500	-	
Transfers	46,600	56,250	46,800	46,800	33,320	-28.80%
Total Expenditures	\$ 1,896,347	\$ 1,835,836	\$ 1,965,300	\$ 1,984,800	\$ 1,954,120	-0.57%
Funding Sources						
Charges for Services	\$ 1,726,975	\$ 1,729,067	\$ 1,890,000	\$ 1,890,000	\$ 1,890,000	0.00%
Recycling Commissions	60,123	49,946	30,000	30,000	30,000	0.00%
Sales Tax	6,461	6,735	7,000	7,000	7,000	0.00%
Tire, E-Waste, Appliance Charges	21,196	19,184	30,000	21,000	21,000	-30.00%
Sale of Equipment	5,049	-	-	-	-	
Other	2,300	1,515	2,200	2,200	2,200	0.00%
Transfer from Refuse Collection Fund	-	200,000	-	50,000	-	
Transfer from Surcharge Reserve	31,412	33,068	36,750	36,750	36,750	0.00%
Total Funding Sources	\$ 1,853,516	\$ 2,039,515	\$ 1,995,950	\$ 2,036,950	\$ 1,986,950	-0.45%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Solid Waste Manager	0.33	0.30	0.25	0.30	0.25	
Equipment Operator III	1.00	1.00	1.00	1.00	1.00	
Equipment Operator I	1.00	1.00	1.00	1.00	1.00	
Maintenance Worker II	0.67	0.67	0.67	0.67	0.67	
Clerk	0.67	0.61	0.50	0.61	0.50	
Total Full Time	3.67	3.58	3.42	3.58	3.42	\$ 146,500
Employee Benefits						80,200
Total Personal Services						\$ 226,700

Funding Transfers	
Track Loader Payment #5 of 5	\$ 30,820