

## **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 dated December 1, 1995 was 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 2013/2014 100% of the debt service costs for the transfer station have been funded from debt service taxes. For 2013/2014 the transfer station debt service requirements are \$726,054. The fiscal year 2013/2014 payment will retire this issue.

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.

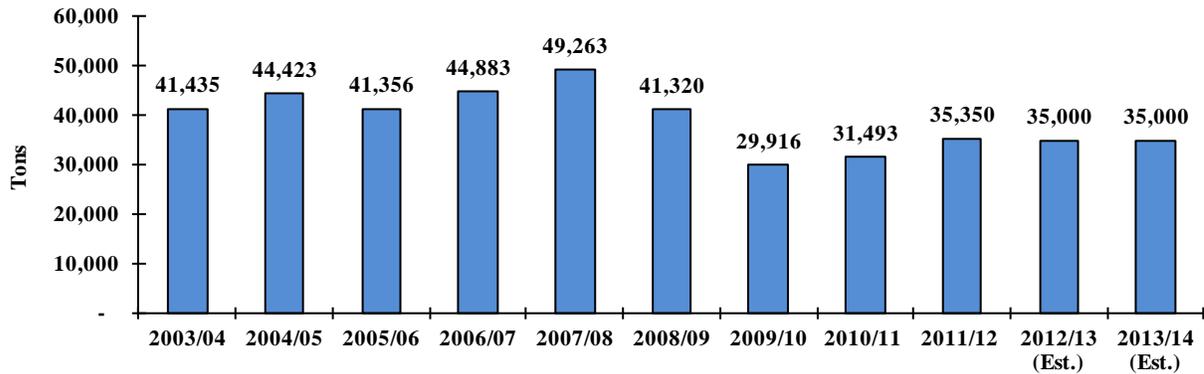
The Solid Waste Manager oversees the operation of the Transfer Station. Funding for this position is currently being allocated one-fourth each to the Transfer Station and Landfill funds, and one-half to the Refuse Collection fund. The Solid Waste Manager's primary responsibilities involve overseeing 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 2003/2004 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 2012/2013 revised estimate and 2013/2014 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 were entered into which will bring in an additional 5,000 tons of waste and \$180,000 of revenues annually over a three year period.

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 for 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 transferred \$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 was made in 2011/2012 which resulted in a positive \$14,465 balance in this fund at the end of 2011/2012. Based on budget assumptions, the Transfer Station fund balance is projected to be \$24,895 at the end of 2012/2013 and \$3,745 at the end of 2013/2014.

The 2012/2013 revised estimate expenditures are \$1,000 higher in total than the original 2012/2013 budget. Increased diesel fuel costs of \$5,400 were offset in part with decreases in other line items.

The budget for 2013/2014 is \$27,280 (1.4%) higher than the 2012/2013 budget primarily due to increased personal services (\$6,200), increased commodities which includes the diesel fuel increase (\$3,600), and increased capital outlay (\$47,500). These increases were offset in part with reductions in transfers (\$20,720) and contractual services (\$9,300). The 2012/2013 transfers included the fifth and final payment on the internal loan used to finance the track loader that was purchased in 2008/2009. This resulted in the lower transfer amount for 2013/2014.

The capital outlay allocation for 2013/2014 includes \$35,500 for the down payment for replacement of the crane and cab. The total cost of this equipment is \$171,500 and an internal loan will again be used to finance this purchase. The crane requested to be replaced is the original crane used since the Transfer Station opened in 1995. Annual payments in the next four years will complete the financing for this equipment.

**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:**

	<b>Actual 2009/2010</b>	<b>Actual 2010/2011</b>	<b>Actual 2011/2012</b>	<b>Estimated 2012/2013</b>	<b>Estimated 2013/2014</b>
Tons of Waste Processed	29,916	31,493	35,350	35,000	35,000
Public Tours/Programs	50	70	75	65	65
Tons Recycled (Contractor)	4,994	4,609	4,886	4,500	4,500
Gallons of Waste Oil Collected (Est.)	5,340	5,110	5,470	5,000	5,000

**RECENT ACCOMPLISHMENTS:**

Public education continues to have a high priority in the Transfer Station operations. Transfer Station staff continues to participate in area events and attend as many of these events as possible to promote services. Joint collaborations in the community, with the school districts, and in the county have allowed more opportunities to provide outreach to customers.

In the spring of 2012 the solid waste hauling contract went out for bids since the previous contract ended on June 30, 2012. A new hauler was selected and is at the same price per load (\$87.00) as the last contractor.

Staff has maintained service levels for customers while continuing to keep costs down. The changes implemented in 2010/2011 including the reduced Saturday hours and changing when staff begins work during the week have not affected operations and continue to save costs in the Transfer Station budget.

Several pieces of equipment used in daily operations at the Transfer Station are older but are well maintained to keep up their performances. Staff is to be commended for their ability to care for and maintain this equipment to keep it operational.

Joint collaboration with City Carton for promoting recycling continues with joint presentations to area businesses and organizations throughout the county. The services they provide have allowed the business community to recycle thousands of tons each year. Continued collaboration is important for the partnership to continue.

**OBJECTIVES TO BE ACCOMPLISHED IN 2013/2014:**

- \* To continue to research possible “Green” building opportunities in cooperation with the Community Development department.
- \* To continue public education outreach opportunities and expand our ability to reach customers.
- \* To continue outreach programs at community events and programs. Staff will continue working with sustainability, beautification, and environmental programs for the City of Muscatine and Muscatine County.
- \* To keep safety a priority at the Transfer Station by having scheduled safety meeting dates and planned programs during the year. Working with staff to emphasize safety for them as well as customers is important to this operation.

## 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>
2012/13	\$ 681,225	\$ 44,994	\$ 726,219
2013/14	703,200	22,854	726,054
Total	<u>\$ 1,384,425</u>	<u>\$ 67,848</u>	<u>\$ 1,452,273</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 2012/2013 and 2013/2014 will be paid from debt service taxes rather than the Transfer Station Fund.

## Transfer Station Operations

### Fund Statement

	<u>Actual</u> <u>2010/2011</u>	<u>Actual</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>	<u>Revised</u> <u>Estimate</u> <u>2012/2013</u>	<u>Budget</u> <u>2013/2014</u>
Beginning Balance (Deficit), July 1	\$ (216,040)	\$ (12,874)	\$ 39,276	\$ 14,465	\$ 24,895
Revenues					
Charges for Services	\$ 1,729,067	\$ 1,896,231	\$ 1,890,000	\$ 1,860,000 (2)	\$ 1,860,000 (3)
Household Hazardous Waste	138	495	350	350	350
Recycling Commissions	49,946	36,895	30,000	37,000	37,000
Rental of Land	1,500	1,500	1,500	1,500	1,500
Sales Tax	6,735	5,810	7,000	7,000	7,000
Miscellaneous Sales	13	0	350	350	350
Electronic Waste Disposal Fees	7,970	9,545	9,000	9,000	9,000
Appliance Disposal Fees	11,076	8,321	12,000	8,300	8,300
Sale of Equipment	0	0	0	5,300	0
Other	3	20	0	0	0
Transfers In:					
Surcharge Reserve	33,068	37,118	36,750	36,750	36,750
Refuse Collection Fund	200,000	50,000	0	0	0
Total Revenues	<u>\$ 2,039,515</u>	<u>\$ 2,045,935</u>	<u>\$ 1,986,950</u>	<u>\$ 1,965,550</u>	<u>\$ 1,960,250</u>
Funds Available	\$ 1,823,475	\$ 2,033,061	\$ 2,026,226	\$ 1,980,015	\$ 1,985,145
Expenditures (1)	<u>1,836,350</u>	<u>2,018,596</u>	<u>1,954,120</u>	<u>1,955,120</u>	<u>1,981,400</u>
Ending Balance (Deficit), June 30	<u>\$ (12,874)</u>	<u>\$ 14,465</u>	<u>\$ 72,106</u>	<u>\$ 24,895</u>	<u>\$ 3,745</u>

<b>Increase (Decrease) in</b>					
<b>Fund Balance</b>	<b>\$ 203,166</b>	<b>\$ 27,339</b>	<b>\$ 32,830</b>	<b>\$ 10,430</b>	<b>\$ (21,150)</b>

- Expenditures include changes in compensated absences and other post-employment benefits.
- 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. The computed amount of \$1,890,000 has been reduced by \$30,000 to \$1,860,000 to reflect a more realistic estimate based on prior year amounts.
- FY 2013/2014 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. The computed amount of \$1,890,000 has been reduced by \$30,000 to \$1,860,000 to reflect a more realistic estimate based on prior year amounts.

**Explanation of Changes in Fund Balances:**

The prior year deficit and recent small balances in this fund are primarily due to reduced waste volume at this facility. A \$200,000 transfer from the Refuse Collection fund was made in 2010/2011 and an additional \$50,000 transfer was made in 2011/2012. These transfers eliminated the prior year deficit balances.

**Transfer Station Closure Reserve (1)**

**Fund Statement**

	<u>Actual 2010/2011</u>	<u>Actual 2011/2012</u>	<u>Budget 2012/2013</u>	<u>Revised Estimate 2012/2013</u>	<u>Budget 2013/2014</u>
Beginning Balance, July 1	\$ 29,095	\$ 38,645	\$ 38,645	\$ 38,645	\$ 38,645
Revenues					
Transfers In					
Transfer Station Fund	<u>9,550</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Funds Available	\$ 38,645	\$ 38,645	\$ 38,645	\$ 38,645	\$ 48,645
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 38,645</u></u>	<u><u>\$ 48,645</u></u>

<b>Increase (Decrease) in Fund Balance</b>	<b>\$ 9,550</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,000</b>
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1. This reserve is required according to State regulations.

Function:  
Business Type

Department:  
Public Works

Activity:  
**Transfer Station**

	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
<b>Expenditure Summary</b>						
Personal Services	\$ 239,696	\$ 213,461	\$ 226,700	\$ 224,200	\$ 232,900	2.73%
Commodities	36,210	40,601	38,900	42,500	42,500	9.25%
Contractual Services	1,501,517	1,709,880	1,655,200	1,655,100	1,645,900	-0.56%
Capital Outlay	2,163	3,497	-	-	12,000	
Transfers	56,250	46,800	33,320	33,320	48,100	44.36%
<b>Total Expenditures</b>	<b>\$ 1,835,836</b>	<b>\$ 2,014,239</b>	<b>\$ 1,954,120</b>	<b>\$ 1,955,120</b>	<b>\$ 1,981,400</b>	<b>1.40%</b>
<b>Funding Sources</b>						
Charges for Services	\$ 1,729,067	\$ 1,896,231	\$ 1,890,000	\$ 1,860,000	\$ 1,860,000	-1.59%
Recycling Commissions	49,946	36,895	30,000	37,000	37,000	23.33%
Sales Tax	6,735	5,810	7,000	7,000	7,000	0.00%
Tire, E-Waste, Appliance Charges	19,184	17,866	21,000	17,300	17,300	-17.62%
Sale of Equipment	-	-	-	5,300	-	
Other	1,515	2,015	2,200	2,200	2,200	0.00%
Transfer from Refuse Collection Fund	200,000	50,000	-	-	-	
Transfer from Surcharge Reserve	33,068	37,118	36,750	36,750	36,750	0.00%
<b>Total Funding Sources</b>	<b>\$ 2,039,515</b>	<b>\$ 2,045,935</b>	<b>\$ 1,986,950</b>	<b>\$ 1,965,550</b>	<b>\$ 1,960,250</b>	<b>-1.34%</b>

<b>Personnel Schedule</b>						
	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Budget Amount 2013/2014
<b>Full Time:</b>						
Solid Waste Manager	0.30	0.30	0.25	0.25	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	0.61	0.61	0.50	0.50	0.50	
<b>Total Full Time</b>	<b>3.58</b>	<b>3.58</b>	<b>3.42</b>	<b>3.42</b>	<b>3.42</b>	<b>\$ 150,200</b>
Employee Benefits						82,700
<b>Total Personal Services</b>						<b>\$ 232,900</b>

<b>Capital Outlay and Capital Funding Transfer</b>			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Crane and Cab - Transfer for Downpayment (\$171,500 total cost)	1	Yes	\$ 35,500
Lower Scale Improvements			12,000
			<u>\$ 47,500</u>