

# Memorandum



**Date:** August 18, 2023

**To:** Honorable Chairman Oliver G. Gilbert, III  
and Members, Board of County Commissioners

**From:** Daniella Levine Cava  
Mayor

A handwritten signature in blue ink that reads "Daniella Levine Cava".

**Subject:** Ordinance Adopting and Ratifying Non-Ad Valorem Assessment Rolls, Rates and Assessments for Residential Solid Waste Collection Fees – **Supplemental Information for Legistar No. 231209**



At the July 18, 2023, Board of County Commissioners' (Board) Meeting (BCC), several members of the Board posed multiple questions on different aspects of the Department of Solid Waste Management's (DSWM or Department) proposed fee increase, existing operations, the recycling program, and financial comparisons to other jurisdictions. Several Commissioners indicated that we cannot "kick the can down the road" any further and directed the Administration to come up with a sustainable funding approach for the Department. The Board deferred the item to the September 6, 2023, BCC meeting. This memo serves to provide the Board with the information requested and presents an alternative approach for funding both the collection and disposal that is sustainable in the long run. This new approach, however, if recommended by the Board, cannot be implemented until FY 2024-25. As such, I urge the Board to adopt the proposed \$36 (or \$3 per month) increase to the household fee along with the \$26.8 million loan from the Disposal Fund and allow my administration to come back with a recommendation on a future funding mechanism. Adjusting the fee by \$3 per month will ensure continuation of services and be an important investment towards modernizing our waste disposal system and ensuring the County meets the state mandated Level of Service, which is now more urgent than ever after the terrible fire that tore through the Resource Recovery Facility earlier this year. Not adjusting the fee by \$3 per month could result in cuts for trash pick-up and other essential services and will set the Department even further back as it works to return to normal disposal operations after the fire.

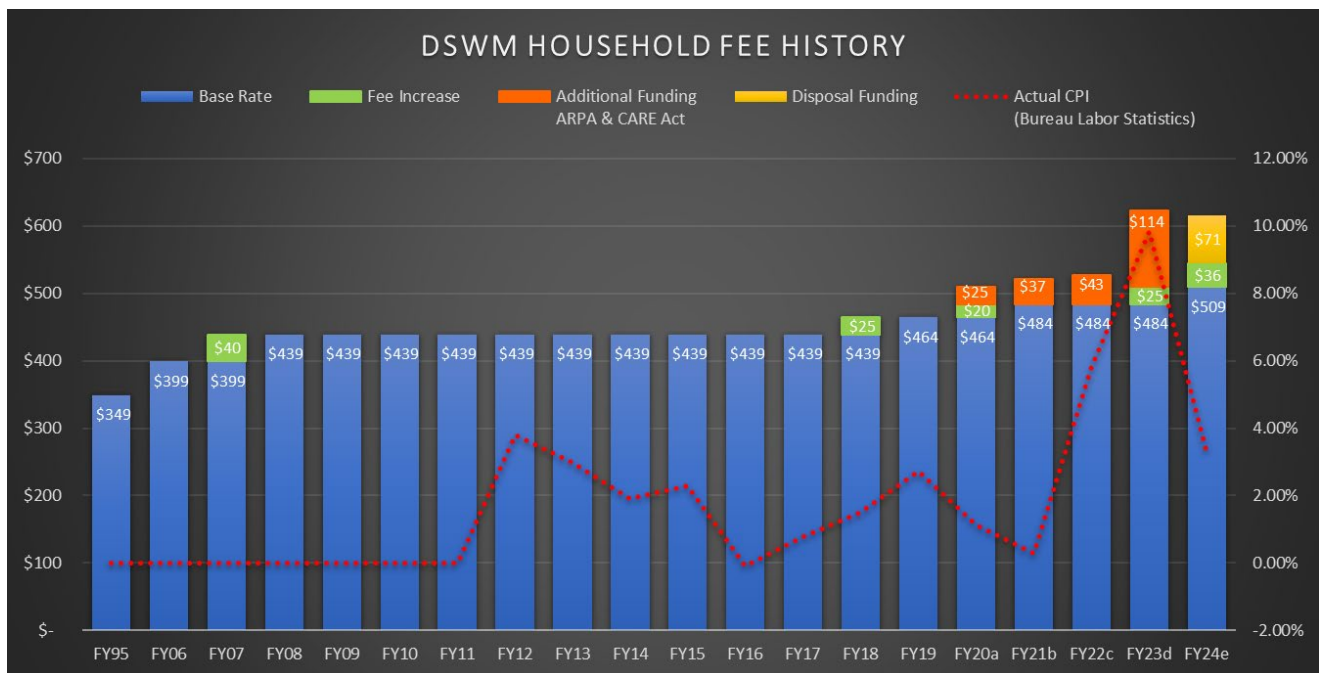
## BACKGROUND

The current household fee of \$509 cannot sustain the level of service the Department is delivering to the residents in the waste collection service area (WCSA). Leaving the household fee unadjusted, without adding another source of funding for collections, will require operational adjustments that will impact the level of service provided to the County's waste collection customers next fiscal year. The current level of service includes twice weekly garbage collection; every other week recyclables collection; two – 25 cubic yard bulky waste pick-ups per year; residential waste services enforcement; commercial and multi-family recycling enforcement; illegal dumping enforcement; the operations of 13 trash and recycling centers (TRCs); and litter collection on designated roads and/or rights-of-way. In addition to continuing the current level of service, the proposed fee increase would also double the resources the Department dedicates to illegal dumping enforcement.

## HISTORY ON SOLID WASTE COLLECTION FEE

In Fiscal Year (FY) 2017-18, the Board approved a modest non-ad valorem fee increase of \$25 to \$464. The rate had been unchanged since 2006. The rate was subsequently increased to \$484 in FY 2019-20. In FY 2022-23 a \$25 increase was approved (along with a one-time infusion of \$40 million of Miami-Dade Rescue Plan funding (converted to general revenue funds), bringing us to the current

rate of \$509; please see table below. This current proposal of \$36 (or \$3 per month), if approved, will only be the fourth time in seventeen years that the Department has increased the household fee. It is evident that the fees have not kept up with the rate of inflation during this time. Throughout these years, DSWM has mitigated the increased cost of the Collections operations through the implementation of efficiencies, such as utilizing financing options for critical vehicle replacements, implementing a TRC Access Management System to reduce unauthorized use of the facilities, deployment of route automation that eliminated unnecessary garbage routes, and implementing a Bulky Waste by Appointment System that allows residents to select their appointment pick-up time, which facilitates quicker service and improves neighborhood aesthetics with cleaner curbsides. However, even with these efficiencies, the Department can no longer continue to support the Collections operations without a fee increase. Inflation (including fuel costs, and salaries and benefits), heavy equipment purchases, the recycling contract extension, and the sustained effects of the pandemic are taking a heavy toll on the Department's financial outlook. As noted in the June 21, 2023, Agenda Memorandum, in order to close the full gap, a fee increase of \$116 per household is needed. The Administration recommends a \$36 increase to the annual fee plus a simultaneous transfer of \$26.8 million from the Waste Disposal Fund.



<sup>a</sup> \$8.6 million transfer from CARE Act; subsidy of \$25 per household  
<sup>b</sup> \$12.5 million transfer from CARE Act; subsidy of \$37 per household  
<sup>c</sup> \$3.8 million transfer from CARE Act and \$11 million transfer from ARPA; subsidy of \$43 per household  
<sup>d</sup> \$40 million transfer from ARPA; subsidy of \$114 per household  
<sup>e</sup> Proposed \$25 million transfer from Disposal; subsidy of \$71 per household

**DSWM FIVE-YEAR FORECAST**

The table shown below illustrates the cash flows for both the Collection and Disposal Funds. The current five-year forecast for the Solid Waste Enterprise Fund (System) includes the annual residential curbside collection fee. The FY 2023-24 Proposed Budget includes a fee increase of \$36, from \$509 to \$545, for residential curbside collection. However, the Collections Fund will need additional fee increases and/or a viable alternative funding to continue to address operational needs and maintain

the current level of service in future years. The five-year outlook table includes proposed fee increases of \$125 and \$12 in FY 2024-25 and FY 2025-26, respectively, in the Collections Fund to ensure a positive cash flow. The \$39 million shortfall for FY 2023-2024 was caused, in part, by the recently approved and implemented recycling contracts that include a higher processing fee and a shift of 79,000 (9.5 percent) annual waste tons from commercial accounts to residential accounts from people who continued working from home after the COVID pandemic, increasing the disposal costs for the collections operation. In addition, the rate of inflation, typically projected at one percent, has seen recent increases of 8.6 percent in 2022 and a projected 6.9 percent in 2023. This inflationary growth has dramatically increased the cost of all goods and services purchased by DSWM for collection operations, from diesel fuel to heavy vehicles.

The dollar amounts in the table below are in millions.

<b>Collection and Disposal Operations</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2024-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
	<b>Projections</b>	<b>Future</b>	<b>Future</b>	<b>Future</b>	<b>Future</b>	<b>Future</b>
<b>Revenues</b>						
Collection Fees and Charges	183,646	207,123	239,411	245,318	249,306	253,427
Disposal Fees and Charges	470,713	477,829	443,751	415,481	386,840	357,116
<b>Total Operating Revenues</b>	<b>\$654,359</b>	<b>\$684,952</b>	<b>\$683,162</b>	<b>\$660,800</b>	<b>\$636,146</b>	<b>\$610,543</b>
<b>Expenses</b>						
Collection Operating and Maintenance	159,171	188,144	217,645	222,527	224,707	229,742
Disposal Operating and Maintenance	175,588	187,024	214,068	218,098	222,045	226,001
<b>Total Operating Expenses</b>	<b>\$334,759</b>	<b>\$375,168</b>	<b>\$431,713</b>	<b>\$440,625</b>	<b>\$446,752</b>	<b>\$455,743</b>
Collection Debt Service and Capital	12,593	18,979	21,198	19,464	18,383	19,858
Disposal Debt Service and Capital	36,051	74,199	43,195	44,990	47,646	46,709
<b>Total Non-Operating Expenses</b>	<b>\$48,644</b>	<b>\$93,178</b>	<b>\$64,393</b>	<b>\$64,454</b>	<b>\$66,029</b>	<b>\$66,567</b>
Collection Year End Cash Flow	11,882	0	568	3,327	6,215	3,827
Disposal Year End Cash Flow	259,074	207,981	186,488	152,394	117,150	84,406
<b>Total Year End Cash Flow</b>	<b>\$270,956</b>	<b>\$207,981</b>	<b>\$187,055</b>	<b>\$155,721</b>	<b>\$123,365</b>	<b>\$88,233</b>

**SOLID WASTE FEE COMPARISONS**

This table below provides a comparison of solid waste rates, funding, and services from neighboring jurisdictions.

JURISDICTION	HOUSEHOLDS SERVED	COST PER HOUSEHOLD	PROPRIETARY or GF	SERVICES			
				GARBAGE PICKUP	CURBSIDE RECYCLING	BULKY WASTE	SERVICE CENTERS
DSWM - service area square miles 320	353,000	\$509	Proprietary	2 X/ Wk	Every other week	2 X 25 cy per year	13 TRCs 2 HCCs
Coral Gables <sup>1</sup> square miles 12.93	11,000	\$938	Proprietary and GF	2 X/ Wk	Weekly	Weekly	Drive thru Recycling Events
City of Hialeah square miles 21.58	76,142	\$438	Proprietary	2 X/ Wk	Bimonthly	Monthly	None
City of Homestead <sup>2</sup> square miles 15.08	23,480	\$534	Proprietary	2 X/ Wk	Every other week	Every other week	Dumpsters for Bulky
City of Miami square miles 36	181,597	\$640	Proprietary and GF	2 X/ Wk	Weekly	Weekly	None
City of Ft. Lauderdale <sup>3</sup> square miles 36.3	38,369	\$571	Proprietary	2 X/ Wk	Weekly	Monthly	Veg 1 X / Wk
Broward UMSA <sup>4</sup> square miles 11	4,336	\$350	Proprietary	2 X/ Wk	Weekly	Monthly	3 HCCs + Mobile Events
Palm Beach County <sup>5</sup> square miles 1,976	294,785 UMSA 411,203 total	\$250-\$650	Proprietary	2 X/ Wk	Weekly	Weekly	Veg 1 X / Wk
Monroe County <sup>6</sup> square miles 983	34,600	\$457	Proprietary	2 X/ Wk	Weekly	Appt only	3 transfer stations
City of Jacksonville square miles 762.65	387,008	\$151	Proprietary and GF	Weekly	Weekly	Weekly biweekly	1 HCC + 12 mobile events/yr
Orange County (FL) square miles 902.02	240,000 UMSA 587,969 total	\$260	Proprietary	Weekly	Weekly	Weekly	None

<sup>1</sup> Coral Gables – 28 % of waste fee is subsidized by GF. Provides residents with backdoor in-house service. Bulky waste is limited to 1 cu yd of yard waste. \$15/cu yd for any excess. Yard waste can be placed out during week; small household items can be placed night before p/u. Furniture items=\$50 per piece. Appliances are also \$50 per piece but you have to call in advance.

<sup>2</sup> Homestead - Current fee of \$452, plus \$33.36 for recycling to be increased in FY2024 to \$534. Additionally, in FY 2023-24 the General Fund will no longer subsidize the fee.

<sup>3</sup> Ft. Lauderdale - Current fee of \$549 to be increased in FY2024 to \$571.

<sup>4</sup> Broward UMSA - Current fee of \$330 to be increased in FY2024 to \$350.

<sup>5</sup> Palm Beach County - Fees range from \$250-\$650 based on service provider.

<sup>6</sup> Monroe County - Current fee of \$446 to be increased in FY2024 to \$457. Key West and Islamorada provide their own services.

At the July 18<sup>th</sup> Board meeting, there was some discussion as to how the City of Miami can provide its level of service for a fee of \$380 per household. As you can see above, the actual cost per household is \$640. The City of Miami uses ad valorem tax revenues to subsidize their solid waste system in the amount of \$260 per household. The City of Coral Gables similarly uses ad valorem tax revenues to partially fund their solid waste operations.

**RECYCLING**

There was some discussion by the Board at the July 18, 2023, meeting regarding the fact that recycling is much more expensive than simply taking the same waste to a landfill, and that some of the pressure to raise rates could be alleviated by canceling the County’s three recycling contracts. It was mentioned that Broward County had terminated its recycling program. We have since confirmed that Broward has, in fact, not terminated its recycling program. However, a few cities in Broward County have made the tough choice to stop their programs. Florida Statutes, section 403.706 requires local governments

to have a recycling program, and it is a key part of our strategy of reducing our dependency on landfills, and moving towards zero waste, where we repurpose and recycle materials back into our economy. In fact, the state law sets recycling goals for local governments. The state recycling goal was 75% by 2020. The County does not currently meet those goals, with our 31% recycling credit, and loss of our waste-to-energy facility will put us further behind as renewable energy created from solid waste counted toward our recycling goal. Termination of our recycling contracts will place us even further behind. Furthermore, in our discussion with solid waste officials in Palm Beach County, the existence of an active recycling program is an important factor that federal and state regulators take into consideration when determining whether to issue permits for a waste-to-energy facility. Regulators want to see that we have an integrated solid waste management system using waste reduction, recycling, waste-to-energy facilities, and landfills. As such, Palm Beach maintains a robust recycling program even though the costs exceed the revenues. The Administration recommends that the County continue to maintain a robust recycling program.

The challenge we need to embrace is how to recycle effectively and efficiently. In May 2023, DSWM contracted with SCS Engineers (SCS) to conduct a follow-up Recyclables Materials Composition Study of residential source-separated recyclable materials in the WCSA to determine if there has been improvement in the contamination rate. Like previous County recycling contamination studies, this recent study was conducted during a two-week period in early May 2023 using the same routes as those used in previous studies for the purposes of continuity.

Overall, the recent 2023 study shows the County's residential recyclable material stream to be less contaminated than in 2020. Results in 2023 indicate a nearly nine percentage point drop in the proportion of materials collected for recycling that are considered contamination. The study's results indicate a measured contamination rate of 39.9%, compared to 49% in 2020 at the height of the COVID pandemic. Of the contamination categories measured, the non-contracted material category had the largest decrease. This category included materials that are not accepted for recycling (i.e., food waste, bagged material, expanded polystyrene, etc.) and materials that are accepted for recycling, but have been contaminated by moisture, crushing, or resident preparation. DSWM can attribute the reduction in contamination on its outreach and education campaigns such as Recycle Right, recycling the simple 5: cardboard, paper, cartons, bottles, and cans. As part of the announced Zero Waste initiative, we will continue to look at ways to improve how we recycle.

Due to the improvement in recycling contamination mentioned above, the current recycling processing contract and recent March 2023 amendment allow the County to re-negotiate the processing rates as the contamination rate improves. Staff will commence negotiations addressing these improvements. Also, the proposals for the currently advertised recycling RFPs, which are presently under the cone of silence, are due after September 6<sup>th</sup>. The new contamination rate will be added to the existing RFP and all pricing submitted by proposers should be inclusive of this recent Recycling Composition Study. This will hopefully reduce the net cost of our recycling program.

## **RECYCLING EDUCATION AND OUTREACH**

DSWM works to educate residents on the proper way to recycle via various outreach initiatives—including mailings to residents' homes, community events and school engagements, website information, advertisements on transit, radio, television, social media, and tagging of carts—and

spends roughly \$250,000 per year on education and outreach. DSWM will continue working to improve contamination rates and increase participation in recycling in order to divert more waste from landfills and improve the County's disposal capacity over time. Based on recommendations by SCS, the Department hopes to tailor education and outreach messages that address specific contamination issues observed in the recent 2023 study: bagged materials, non-contract plastic materials such as film and bulky items, and textiles. DSWM will continue to work aggressively with its recycling partners to identify solutions to reduce contamination.

### **ALTERNATIVE FUNDING MECHANISM FOR DSWM**

At the July 18, 2023, Board meeting, several Commissioners asked the Administration for a holistic approach to funding the waste collection and disposal systems that would be sustainable in the long run (no more "kicking the can"), could provide for the adequate funding of long-term capital needs, and might even be able to enhance the services provided (e.g. more frequent bulky waste pickup). There were also concerns that fee increases impact some members of our community (e.g., elderly and low-income families) more heavily than others. In the case of water and sewer rates, by comparison, the fee is tied to water consumption, and the actual cost for a household is determined by the amount of water consumed by that household. An elderly couple would likely have a much lower water and sewer bill than a family of five. In the case of solid waste, however, there is currently no County mechanism to track the amount of waste generated per household. Finally, as we have been clearly reminded in the aftermath of the fire at the Resource Recovery Facility in Doral, maintaining significant waste disposal capacity over time is critical to the future development of the entire community and is not just a benefit to the current customers of the system.

We do not need to look too far for an example of an alternative approach. The County has an outstanding public library system which is funded by a dedicated millage rate paid by those who reside in UMSA and in those cities that do not have their own library system. Similarly, the Miami-Dade Fire Rescue Department is funded by a dedicated millage rate paid by those who reside in UMSA and in those cities that do not have their own fire departments. Rather than raising flat fees annually to keep up with rising costs, new construction and rising property values make it possible for these two departments to continue to offer outstanding service. Ad valorem taxes can also be pledged to support the issuance of bonds to pay for needed capital projects. Finally, as compared with flat fees, ad valorem taxes reduce the burden on lower income individuals and families. Interestingly, in the early 1970s, the County funded the Solid Waste department with real property taxes and not a flat fee. And as noted earlier in this memorandum, both Miami and Coral Gables use ad valorem taxes to fund a portion of their solid waste budgets.

So as to clarify, in addition to a non-ad valorem fee, the Board does have the option to adopt an ad valorem taxing district that supports and/or replaces the fee. This solution would be developed with a comprehensive solid waste collections solution in mind to include, at the minimum, the following services:

- Enhanced illegal dumping enforcement
- Operations of 13 trash and recycling centers (TRCs)
- Litter collection on designated roads and/or rights-of-way
- Twice weekly garbage collection

- Every other week recyclables collection
- At least two – 25 cubic yard bulky waste pick-ups per year
- Residential waste services enforcement

A similar solution may also be developed for a comprehensive disposal solution countywide, that could include the replacement of the Resources Recovery Facility and other disposal facilities that may be proposed in the coming months. These long-term comprehensive solutions cannot be developed in time for the adoption of the Fiscal Year 2023-24 budget, but we will be working with the County Attorney's Office to bring an item back to the board as soon as possible, which could be as soon as the first or second quarter of next fiscal year. In the meantime, the collections fund will require the additional revenue generated from the \$36 fee increase and the transfer from the disposal fund in order to be balanced and continue the operations and maintenance that is required.

### **RECOMMENDATION**

It is recommended that the Board approve the Ordinance increasing the Residential Solid Waste Collection Fees for the DSWM Collection Service Area in Exhibit A to the June 21, 2023, Agenda Memorandum.