

09/03/19
City Council Meeting

Handouts received after
agenda posted

City of Lemoore Refuse Study Session

Dan Bergmann
IGService
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September 3, 2019



Refuse Study Session Purpose

- Financial status of Refuse Enterprise
- Operational status
- Trucks needed
- Present rate increases needed (separate handout)
- Hear City Council comments

“Cost of Service” Rate Study

- Revenue from refuse ratepayers is for refuse enterprise
- Rates are proportional to the cost to provide the service
- Rate study provides evidence supporting results

Work done so far

- Inventories of containers and trucks
- Analysis of containers in field vs associated rates
- Analysis of collection schedules
- Expense vs revenue
- Introduce commercial recycle & organics rates
- New rate table

AB 1826: Organics

Businesses, including multi-family units, must arrange for recycling of organic waste as follows:

January 2019: 4 cubic yards or more of waste

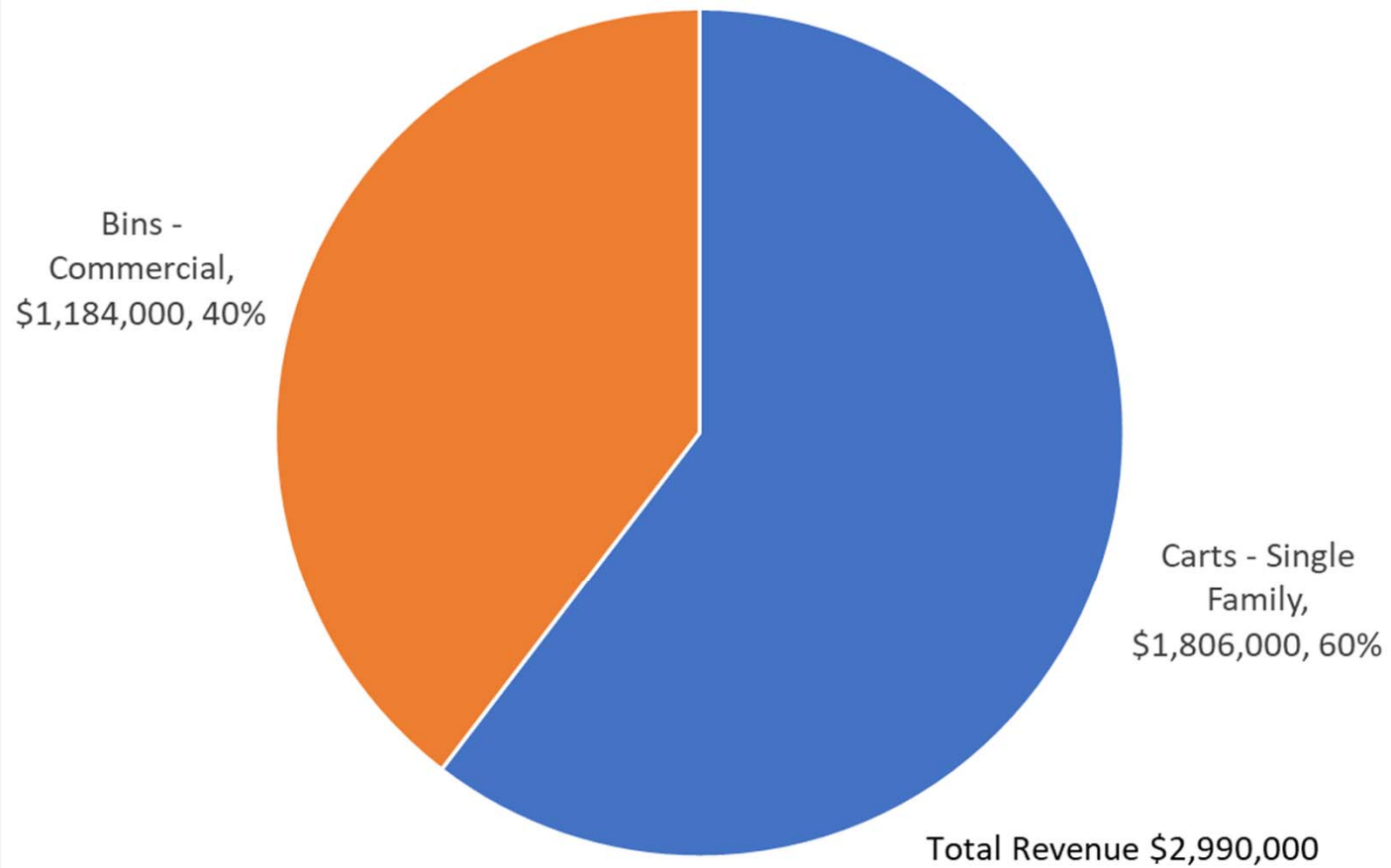
January 2020: Lowered to 2 cubic yards

Why...?

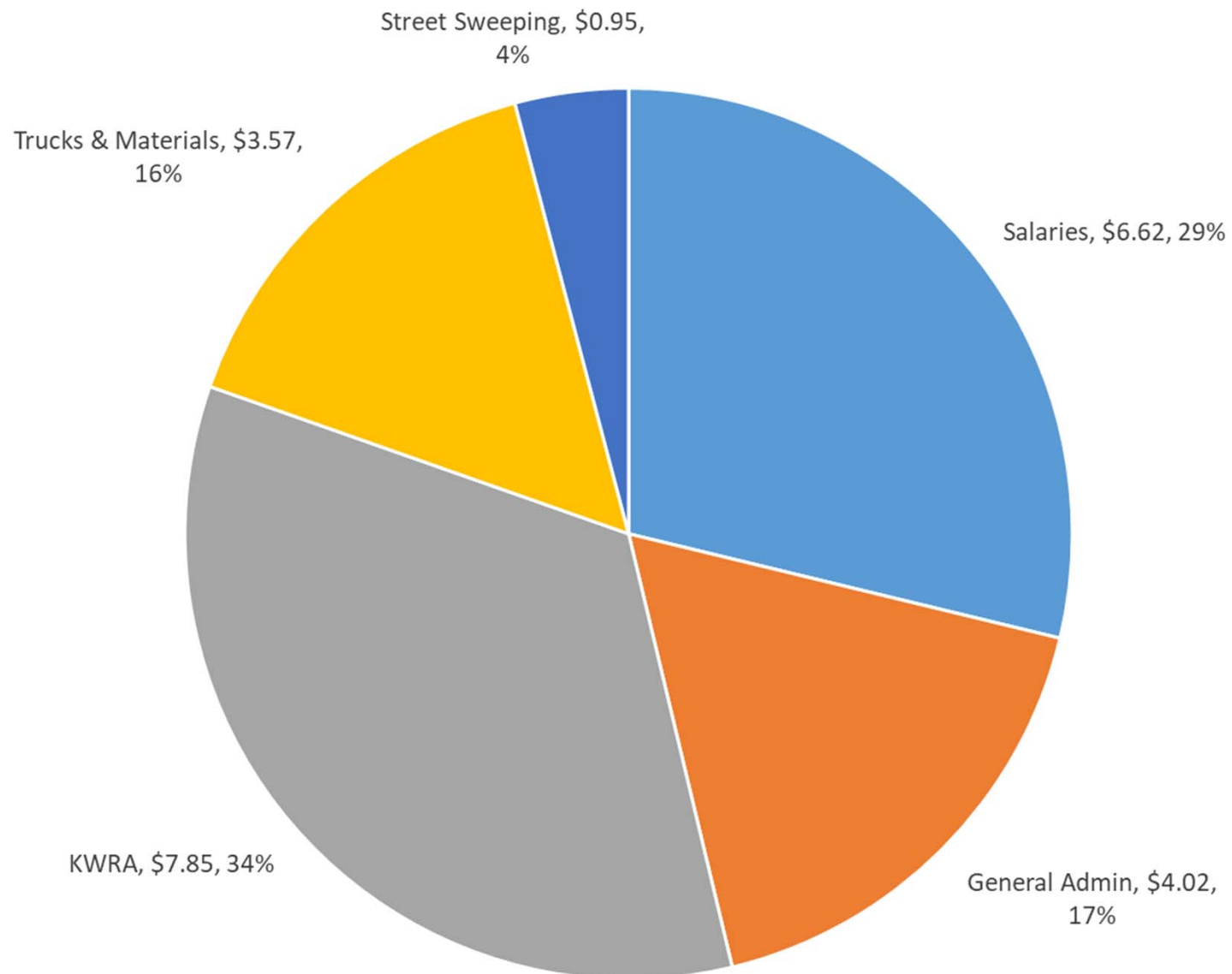
Present Operations

- Lemoore staff and equipment provide the service!
- Member of Kings Waste and Recycling Authority (KWRA)
- Unique with every other week service for recycle (blue) and Organics (green)

Present Allocation of Revenue Collected



Residential Cost Allocation per Customer per Month



Based on \$23 rate

City of Lemoore Refuse Enterprise Fund (Proposed Increases as of 9/3/19)

						1	2	3	4	5		
		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	
		Audited	Audited	Audited	Projected	Budget	Projected	Projected	Projected	Projected	Projected	
Revenue				Projected Revenue Increases Needed:			30.0%	3.0%	3.0%	3.0%	3.0%	
	Charges for services	\$2,954,795	\$2,952,842	\$2,985,585	\$2,990,000	\$2,990,000	\$3,887,000	\$4,026,000	\$4,169,660	\$4,318,340	\$4,472,040	
	Incremental revenue from growth based on 100 homes per year						\$22,000	\$22,660	\$23,340	\$24,040	\$24,761	
	Fines / forfeitures	45,140	58,855	60,419	60,000	60,000	\$78,000	\$80,000	\$82,000	\$84,000	\$87,000	
	Other revenue	10,554	8,366	4,484	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Total Operating Revenue		\$3,010,489	\$3,020,063	\$3,050,488	\$3,055,000	\$3,055,000	\$3,992,000	\$4,133,660	\$4,280,000	\$4,431,380	\$4,588,801	
Expenses												
	Salaries / benefits	\$782,331	\$730,643	\$913,653	\$920,000	\$1,146,170	\$1,203,000	\$1,263,000	\$1,420,714	\$1,492,000	\$1,567,000	Inflation Factors 5%
	Materials / supplies	121,452	142,925	109,278	120,000	132,710	135,000	138,000	141,000	144,000	147,000	2%
	Utilities	3,137	6,550	4,261	5,000	5,200	5,400	5,600	5,800	6,000	6,200	3%
	General Administration	483,545	370,800	369,800	433,000	609,083	627,000	646,000	665,000	685,000	706,000	3%
	Contractual services	1,105,103	1,121,509	1,181,312	1,200,000	1,184,700	1,185,000	1,185,000	1,185,000	1,185,000	1,185,000	0%
	Repairs / maint	2,901	4,950	12,933	5,000	5,100	5,200	5,300	5,400	5,500	5,600	2%
	Other & Fleet Svc	305,045	271,812	391,927	350,000	399,112	407,000	415,000	423,000	431,000	440,000	2%
Total Expenses		\$2,803,514	\$2,649,189	\$2,983,164	\$3,033,000	\$3,482,075	\$3,567,600	\$3,657,900	\$3,845,914	\$3,948,500	\$4,056,800	
Adjustments												
	Interest	\$18,401	\$5,714	\$11,612	\$12,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,001	
	Intergovernmental / Asset	50,962	13,590	6,857	0	0	0	0	0	0	0	
Total Adjustments		\$69,363	\$19,304	\$18,469	\$12,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,001	
Net Operating Cash Flow		\$276,338	\$390,178	\$85,793	\$34,000	-\$417,075	\$434,400	\$485,760	\$444,086	\$492,880	\$542,002	
Capital Expenditures (Equipment)						\$645,083	\$350,000	\$300,000	\$650,000	\$300,000	\$300,000	
Grants / Impact Fees						-120,000	-\$30,000	-\$30,000	-\$30,000	-\$30,000	-\$30,000	
Net Capital Expenditure						525,083	320,000	270,000	620,000	270,000	270,000	
Fund Balance Year End: Cash												
	Cash ("056")	\$966,692	\$1,329,966	\$1,512,580	\$1,500,000							
	Impact Fee ("076")	352,314	293,727	326,997	381,000							
	Grant Fund ("049A")	144,303	144,382	144,874	0							
	Year-end Total	\$1,463,309	\$1,768,075	\$1,984,451	\$1,881,000	\$939,000	\$1,053,000	\$1,269,000	\$1,093,000	\$1,316,000	\$1,588,000	

Revenues and Expenses

- Incorporates FY20 budget values
 - Staff increased to 14
 - Risk mgmt. costs assigned to refuse
 - Two trucks purchased
- Includes inflation factors going forward
- \$417k loss projected for FY19/20

Capital Expenditures

- Two trucks and bins purchased FY20
- Includes additional street sweeper FY21
- Includes replacement sweeper and driver FY23
- Includes one truck/yr otherwise at \$300k
- Considers Impact Fee Revenue from 100 homes per year at \$300 each: \$30k / yr

Fund Cash Available: Good

- Cash Balance growing through FY18
- FYE18 Audited Balance: \$1.9M
- FYE19 Projected Balance: \$1.5M
- FYE20 will drop approximately \$1M

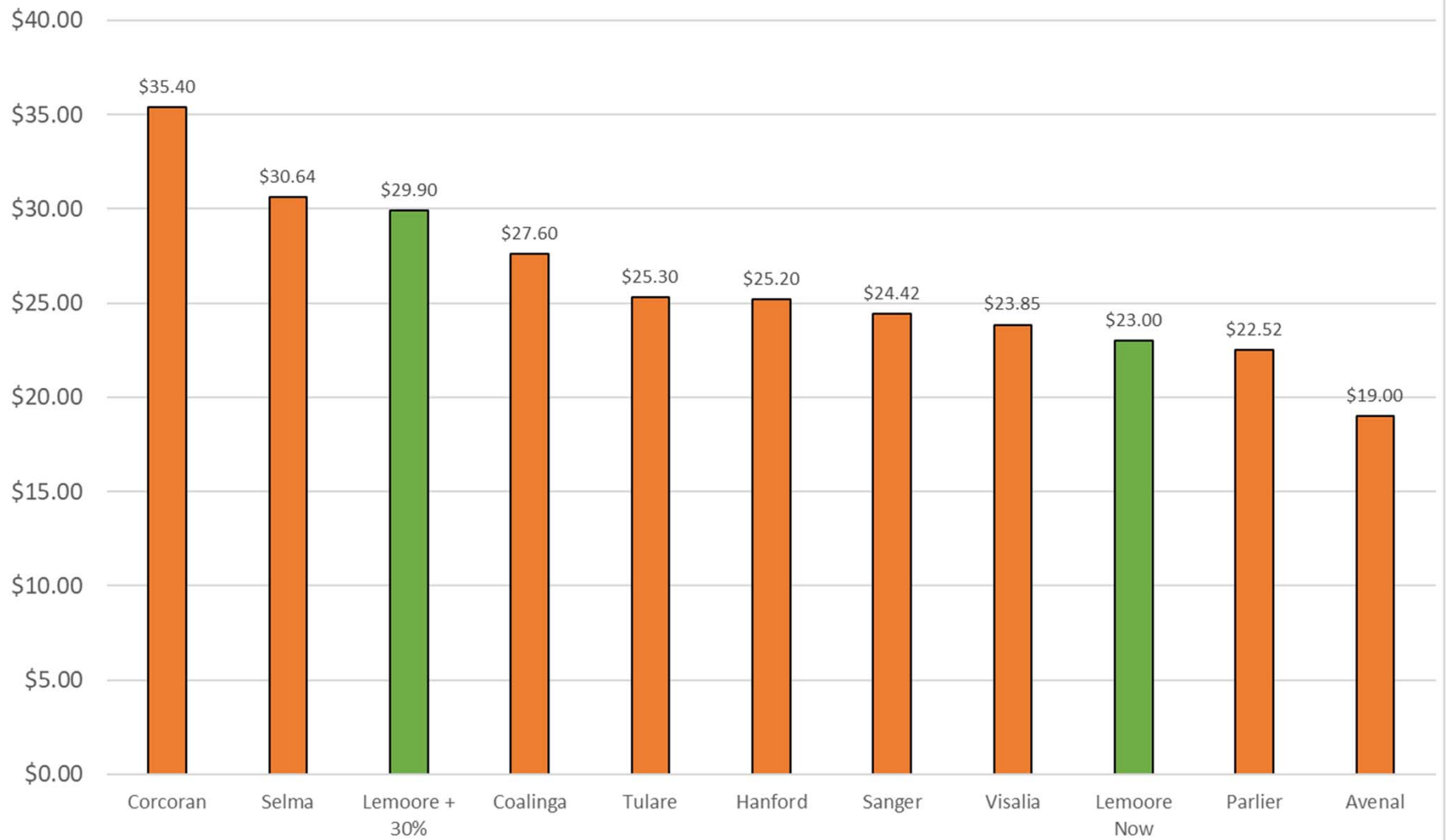
Residential Rates

- Rates unchanged since 2008
- Lemoore at lower end of comparison scale
- Every other week service for blue/green saves estimated \$2.65 per month per customer
- Each customer may have two blue or two green

Residential Rates

- Billing clean up: Audit of residential bills revealed 144 customers being billed for 60's (\$18) but using 90's (\$23). Recovers about \$8,600 per year
- Residential increase set exactly at overall need of 30%

Residential Refuse Rate Comparison: 3 Cart Service



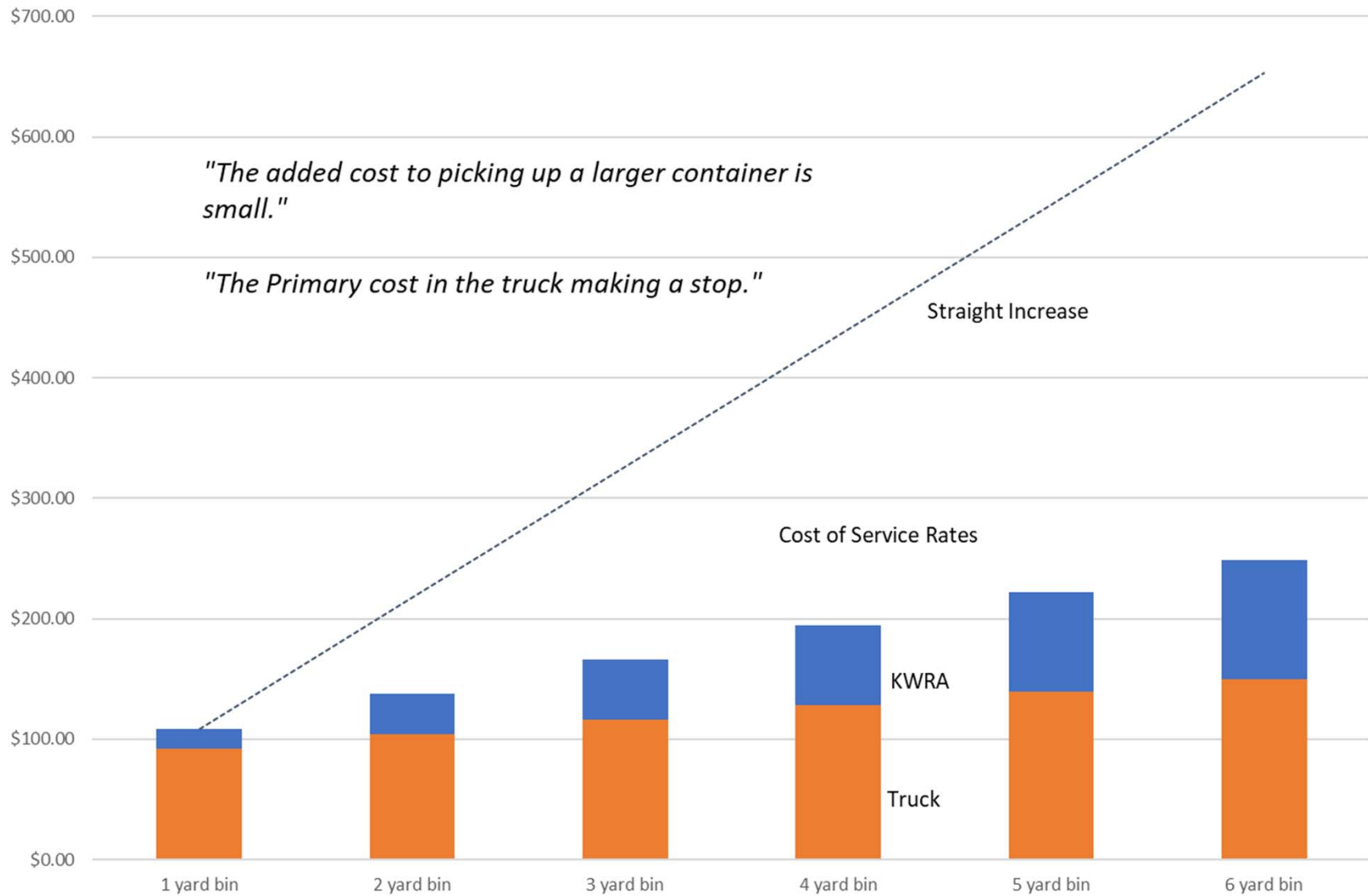
Commercial Rate Setting

- The operating cost of the truck collecting commercial bins is much greater than the cost of truck collecting residential carts.
- Larger bins are more efficient
- There should be little or no discount for multiple pick-ups per week. (Set at 5% in proposed rates)

Commercial Rate Setting

- Recycle revenue projected at \$134,000 per year
- Commercial regular bin (land fill) service increase is *reduced* by five percent overall by the new revenue from recycle

Commercial Bin Service: Larger Bins are More Efficient



New Commercial Recycle and Organic Rates

- Introductory recycle rates set at 50% of land fill rate for bin service
- Introductory organic set a \$18 per 90 gallon per cart

Refuse Recap

- Refuse team provides outstanding service
- Every other week Blue/Green works
- Finances in good shape, but costs increasing
- Trucks
- Must seek increases

Next Steps

Today: Study session

Sept & Oct: Collect public comments

November 5th: Revisit City Council asking approval to issue rate increase notices to all customers

January 21st: Rate hearing to ask approval of rates

February 1st: New rate in effect

City of Lemoore Present and Proposed Refuse Rates (As of 9/3/19)									
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Service Type		Present Rates	Proposed	Change	Year 2	Year 3	Year 4	Year 5
				Varied	3.00%	3.00%	3.00%	3.00%
Residential Cart Service (per month)								
	3 Cart 90	23.00	\$29.90	30%	\$30.80	\$31.72	\$32.67	\$33.65
	3 Cart 60	18.00	\$27.00	50%	\$27.81	\$28.64	\$29.50	\$30.39
	Added 90 Land Fill	3.00	\$10.00	233%	\$10.30	\$10.61	\$10.93	\$11.26
	Added 90 Recycle	8.00	\$5.00	-38%	\$5.15	\$5.30	\$5.46	\$5.63
	Added 90 Organic	New Fee	\$5.00	n/a	\$5.15	\$5.30	\$5.46	\$5.63
Commercial Bin Service (per month)								
	1-1-1-	77.81	\$102.00	31%	\$105.06	\$108.21	\$111.46	\$114.80
	1-1-2	New Fee	\$184.00	n/a	\$189.52	\$195.21	\$201.06	\$207.09
	1-2-1-	113.13	\$129.00	14%	\$132.87	\$136.86	\$140.96	\$145.19
	1-2-2-.**	201.25	\$245.00	22%	\$252.35	\$259.92	\$267.72	\$275.75
	1-2-3-	New Fee	\$368.00	n/a	\$379.04	\$390.41	\$402.12	\$414.19
	1-2-4-	New Fee	\$491.00	n/a	\$505.73	\$520.90	\$536.53	\$552.62
	1-2-5-	New Fee	\$614.00	n/a	\$632.42	\$651.39	\$670.93	\$691.06
	1-3-1-	155.94	\$156.00	0%	\$160.68	\$165.50	\$170.47	\$175.58
	1-3-2-	270.00	\$297.00	10%	\$305.91	\$315.09	\$324.54	\$334.28
	1-3-3-	383.44	\$445.00	16%	\$458.35	\$472.10	\$486.26	\$500.85
	1-3-4-	496.88	\$593.00	19%	\$610.79	\$629.11	\$647.99	\$667.43
	1-3-5-	611.56	\$742.00	21%	\$764.26	\$787.19	\$810.80	\$835.13
	1-4-1-	New Fee	\$183.00	n/a	\$188.49	\$194.14	\$199.97	\$205.97
	1-4-2-	New Fee	\$348.00	n/a	\$358.44	\$369.19	\$380.27	\$391.68
	1-4-3-	New Fee	\$522.00	n/a	\$537.66	\$553.79	\$570.40	\$587.52
	1-4-4-	New Fee	\$696.00	n/a	\$716.88	\$738.39	\$760.54	\$783.35
	1-4-5-	New Fee	\$869.00	n/a	\$895.07	\$921.92	\$949.58	\$978.07
	1-6-1-	New Fee	\$209.00	n/a	\$215.27	\$221.73	\$228.38	\$235.23
	1-6-2-	New Fee	\$396.00	n/a	\$407.88	\$420.12	\$432.72	\$445.70
	1-6-3-	New Fee	\$594.00	n/a	\$611.82	\$630.17	\$649.08	\$668.55
	1-6-4-	New Fee	\$792.00	n/a	\$815.76	\$840.23	\$865.44	\$891.40
	1-6-5-	New Fee	\$990.00	n/a	\$1,019.70	\$1,050.29	\$1,081.80	\$1,114.25
Commercial Recycling (per month)								
	1-90-1	New Fee	\$18.00	n/a	\$18.54	\$19.10	\$19.67	\$20.26
	1-2-1-	New Fee	\$64.50	n/a	\$66.44	\$68.43	\$70.48	\$72.60
	1-2-2-	New Fee	\$122.50	n/a	\$126.18	\$129.96	\$133.86	\$137.87
	1-3-1-	New Fee	\$78.00	n/a	\$80.34	\$82.75	\$85.23	\$87.79
	1-3-2-	New Fee	\$148.50	n/a	\$152.96	\$157.54	\$162.27	\$167.14
	1-4-1-	New Fee	\$91.50	n/a	\$94.25	\$97.07	\$99.98	\$102.98
	1-4-2-	New Fee	\$174.00	n/a	\$179.22	\$184.60	\$190.13	\$195.84
	1-6-1-	New Fee	\$104.50	n/a	\$107.64	\$110.86	\$114.19	\$117.62
	1-6-2-	New Fee	\$198.00	n/a	\$203.94	\$210.06	\$216.36	\$222.85
Commercial Organics (per month)								
	1-90-2	New Fee	\$18.00	n/a	\$18.54	\$19.10	\$19.67	\$20.26
	1-90-3	New Fee	\$34.20	n/a	\$35.23	\$36.28	\$37.37	\$38.49
	1-90-4	New Fee	\$51.30	n/a	\$52.84	\$54.42	\$56.06	\$57.74
	1-90-5	New Fee	\$68.40	n/a	\$70.45	\$72.57	\$74.74	\$76.98
	Add'l Carts, add:	New Fee	\$10.00	n/a	\$10.30	\$10.61	\$10.93	\$11.26
** ONE (1) bin, TWO (2) cubic yards, TWICE (2) a week.								

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	Notes											

City of Lemoore Present and Proposed Refuse Rates (As of 9/3/19)

Special Services		Present Rates	Proposed	Comments				
Residential Miscellaneous								
	Extra Pick-up/Go Back (Automated Can)	\$5.75	\$10.00	First Go Back is free				
	Contaminated Recycle Cart	New Fee	\$10.00					
	Replacement Cart	\$48.00	\$48.00	Actual cost to city				
Rental Bins								
	Delivery / Recovery	\$76.00	\$76.00					
	Dumping 90 per Cart	\$5.00	\$10.00					
	Dumping 1 yd	\$15.50	\$16.55					
	Dumping 2 yd	\$22.50	\$33.10					
	Dumping 3 yd	\$31.25	\$66.20					
Commercial Miscellaneous								
	Extra Pick-up	New Fee	\$40.00	plus KWRA Fee				
	Go Back Fee	New Fee	\$40.00					
	Contaminated Recycle Bin or Organic Cart	\$35.00	\$40.00					
	Locking Bin (one time)	\$64.99	\$100.00					
	Lock Replacement	New Fee	\$25.00					
Bulky Clean Up								
	Tires	\$3.00	\$5.00					
	Couch, Washer/Dryer, Refrigerator, bagged trash, other large household items	\$75.00	\$75.00	Plus KWRA disposal fee				

Thomas Reed
1060 Par Avenue, Lemoore
817-7234

Mayor Neal:

During the previous Council meeting many people stood at this podium expressing their opinion that this Council should retain you as Mayor for the remainder of the 2-year period for which you were selected. I, myself, may have been the first to do so.

However, during the discussion of a later agenda item, which you recused yourself from, I was very disappointed with the short verbal exchange with Fire Chief Bruce German.

The City Attorney's determination was that there did not appear to be any financial benefit to you relating to that item, but that any recusal was strictly up to you.

Since you chose to recuse yourself, the City Attorney rightfully instructed you to leave the Council Chamber. But, as you left, you chose to verbally call out Chief German about being related to someone connected with an enterprise involved, and Chief German chose to verbally respond.

I found the exchange from both of you to be very unprofessional.

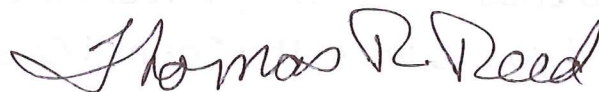
We each, individually, chose the standards by which we live and make business decisions, but we cannot charge someone else to abide by the standards we have chose.

While Chief German may be so related, he is not on this Council to vote on that particular agenda item, and his position as a staff member for the City of Lemoore did not give him any authority during the decision making process, other than his personal opinion.

I had hoped that with the selection of the two new Council Members that any discord involving the Council could be placed behind us. Evidently my hope was misplaced.

For over 2-1/2 years the Lemoore City Council has been exposed to conflict and controversy time and again. This must stop, and needs to stop now. Unless this internal strife has been done away with, Lemoore cannot improve to what we all hope for, a better future.

If there are any differences between Council Members, or with the staff, they should be dealt with in a professional and private manner, not in the public arena.

A handwritten signature in dark ink, reading "Thomas R. Reed". The signature is fluid and cursive, with the first name "Thomas" and last name "Reed" clearly legible.

Thomas R. Reed

09/03/2019