



City of Troy Residential Refuse Program

Analysis & Recommendations





Refuse Program
Recommendation

Agenda

- I. Current Overall City Conditions**
- II. Impact of Refuse/Recycling Program**
- III. Analysis of Options**
- IV. Recommendations**



2008 Issues

- ↪ **Stagnant Revenues**
- ↩ **Declining Fund Balances**
- ↗ **Increasing Labor Costs**
- ↗ **Continued Pressure for Services**



Refuse Program
Recommendation

Why are we here?

From 1999-2007, General Fund-supported fund balances have declined by \$5,550,744 or 41.4%.



Source: 1999 & 2008 beginning balances on Budget Recap "Top Sheets"



Why are we here?

- Labor costs have outpaced income taxes
- Subsidies have increased
- Outside agencies' support has grown
- Fund balances have declined



Refuse Program Recommendation

Why are we here?

From 1999-2007, labor costs outgrew income tax receipts almost 3 to 1.



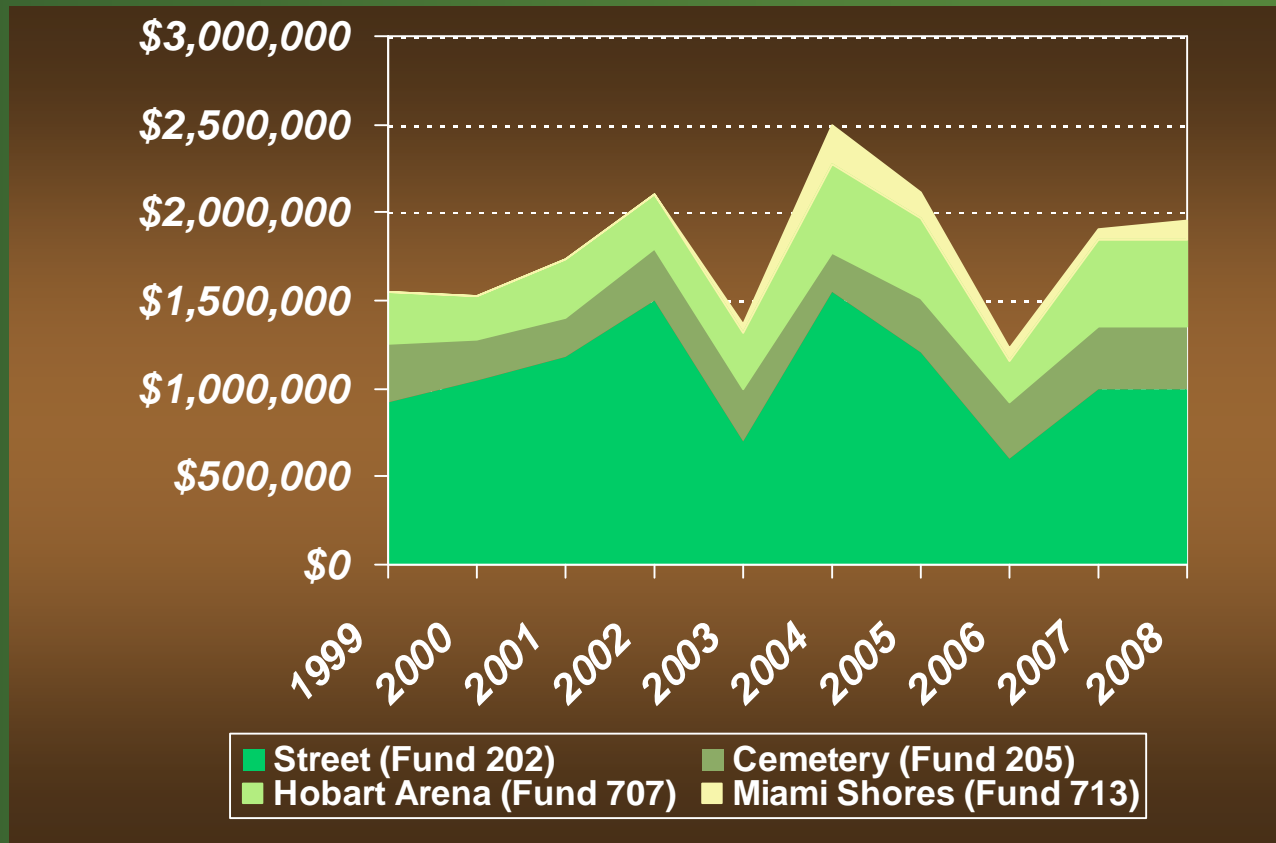
Source: Troy City Auditor



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General Fund subsidies to City operations are \$1.95 million in 2008.

Why are we here?



Source: 1999-2007 Annual Budget documents



What have we done in the General Fund?

\$305,010

2008 Budget Process:

Personnel:

- **Eliminate Records Clerk (\$46,830)**
- **Defer Police Officer (\$58,210)**
- **Defer Fleet Technician (\$58,940)**
- **Defer Management Analyst (\$67,370)**
- **Defer $\frac{3}{4}$ year Fire Fighter (\$ 43,660)**
- **Changes to OT/Scheduling (\$30,000)**



What have we done in the General Fund?

\$2,153,600

2008 Budget Process:

Non-personnel & Capital Investment:

- **No non-essential training (\$10,000)**
- **No Painting/Garage Demo Program (\$25,000)**
- **Drastic cut in capital investment from 2007 (\$1,518,600)**
- **No road paving program (\$500,000)**
- **Reduced sidewalk program (\$100,000)**



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What have we done in the General Fund?

\$42,500

2008 Budget Process:

Reduction of Outside Agency Subsidies:

- **Main Street (\$16,000)**
- **Public Access (\$9,500)**
- **The REC (\$2,000)**
- **Troy Development Council (\$15,000)**



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What have we done in the General Fund?

\$561,290

Off-cycle cuts as opportunities arose:

\$ 65,450 cut in May 2007*

\$161,970 cut in September 2007*

\$333,870 cut and shifted in June 2008*

**General Fund portion only. Total savings are higher and reflect estimated cuts in the General, Water, Sewer, and Storm Water Funds.*



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Recommendation

What have we done in the General Fund?

\$3,062,400

<i>Off-cycle 2007-2008 Cuts</i>	<i>\$ 561,290</i>
<i>2008 Budget Personnel Cuts</i>	<i>\$ 305,010</i>
<i>2008 Budget NPS Cuts</i>	<i>\$ 35,000</i>
<i>2008 Budget CIP Cuts</i>	<i>\$2,118,600</i>
<i>2008 Outside Agency Reductions</i>	<i>\$ 42,500</i>



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What does our future hold?

(\$ in millions)	2008	2009	2010	2011	2012	2013
Beg. Balance	\$7.9	\$7.4	\$5.2	\$2.2	-\$1.7	-\$6.5
Revenues	21.4	22.0	22.5	23.1	23.7	24.3
Resources	29.3	29.4	27.7	25.3	22.0	17.8
Operating	21.4	22.7	24.0	25.5	27.0	28.6
Road Repairs	0	.5	.5	.5	.5	.5
Capital	.5	1.0	1.0	1.0	1.0	1.0
Expenses	21.9	24.2	25.5	27.0	28.5	30.1
End Balance	\$7.4	\$5.2	-\$2.2	-\$1.7	-\$6.5	-\$12.4

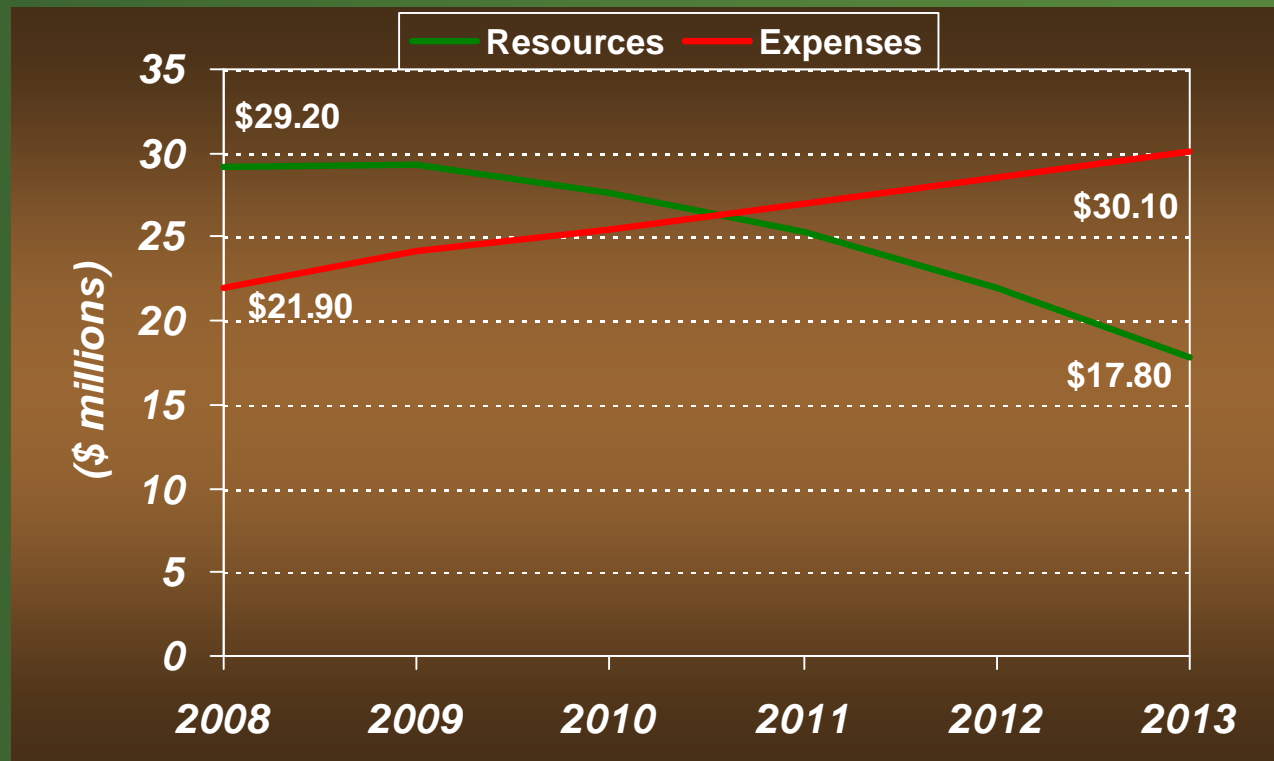
Assumptions include a 2.5% increase in revenues and 6% increase in expenses annually



Refuse Program Recommendation

What Does our future hold?

Without new resources and spending cuts, the GF fund balance may disappear as soon as by **3rd quarter 2010.**

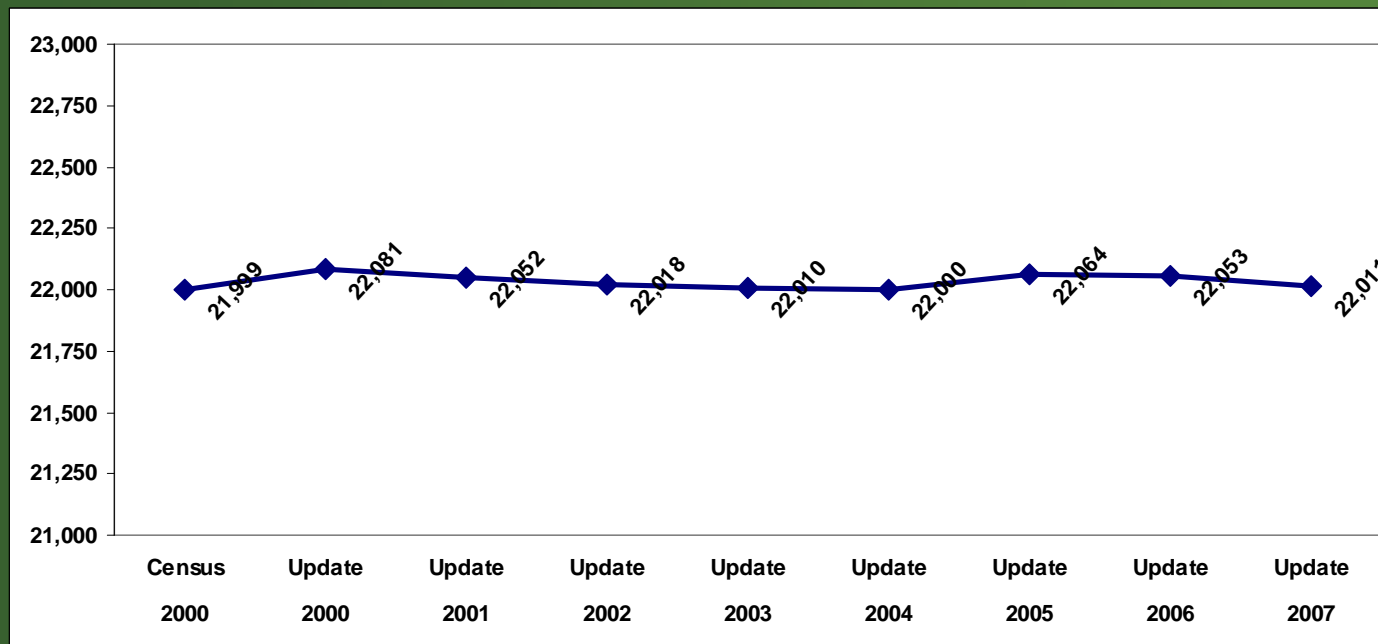




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While population growth has been negligible...

From 2000 through July 2007, the City of Troy gained 12 residents, for a growth rate of .055% over that time period.



Source: U.S. Census Table 4, "Annual Estimates of the Population for Incorporated Places in Ohio, Listed Alphabetically: April 1, 2000 to July 1, 2007"

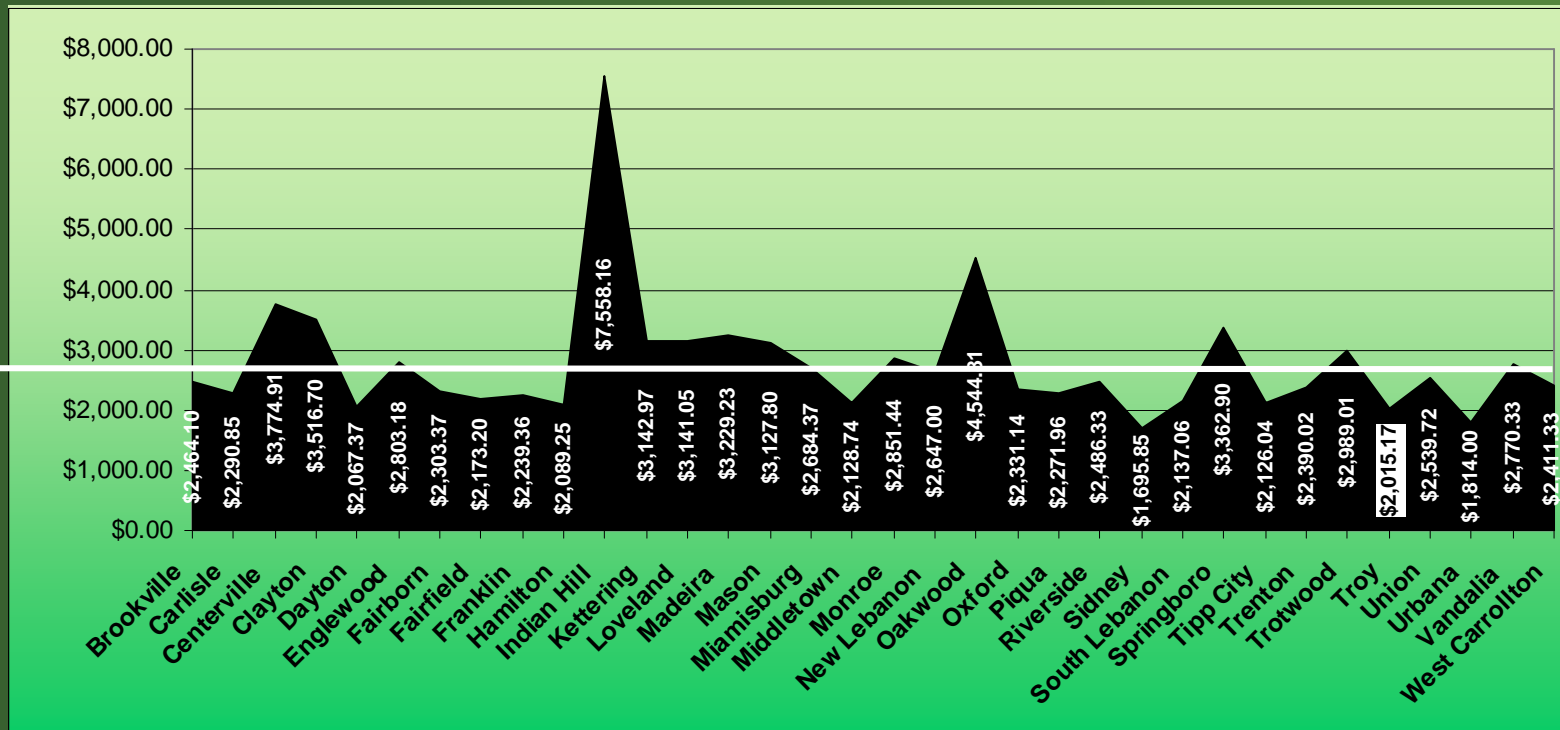


Refuse Program
Recommendation

...Citizens enjoy very low quality of life costs

In a survey of 34 SW Ohio cities, Troy's current annual quality of life costs are \$753 under the average – 3rd lowest

Average
\$2,768



Source: City of Troy "Chart II: Comparison of Quality of Life Costs in SW Ohio Communities."

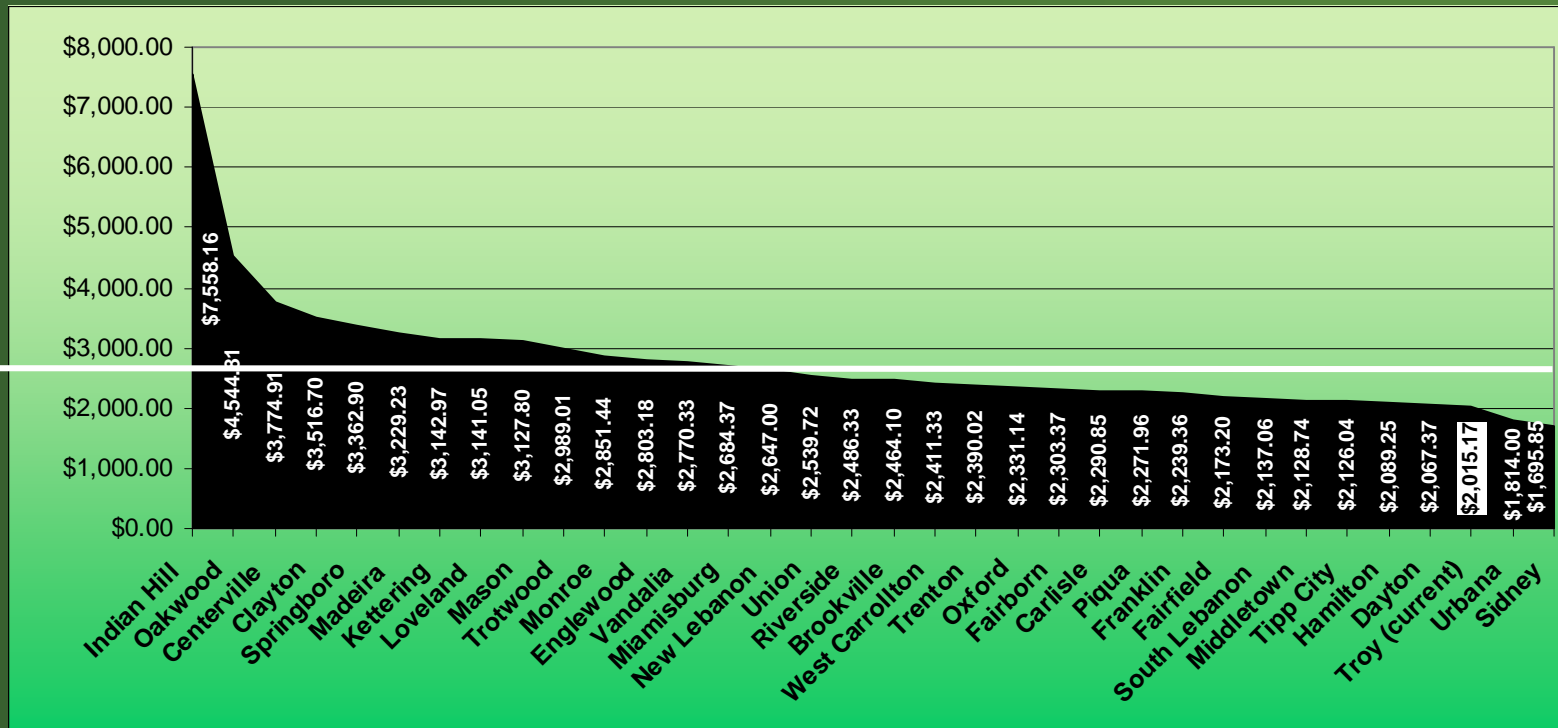


Refuse Program
Recommendation

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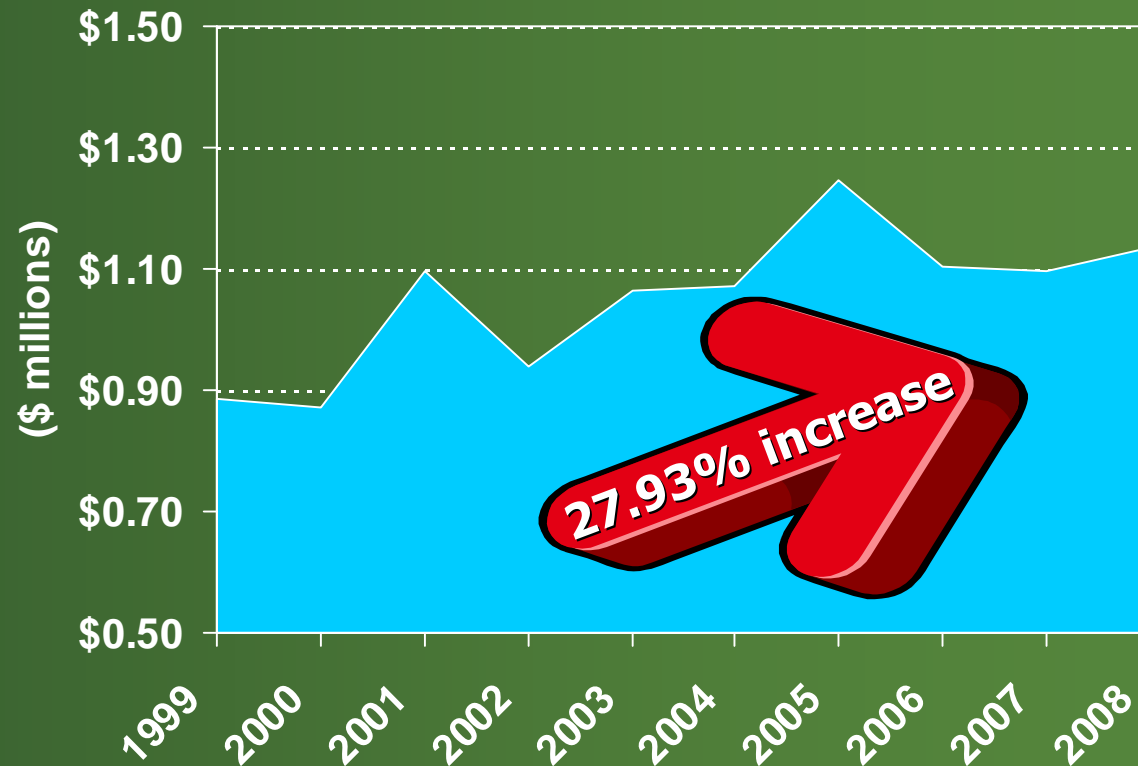
Source: City of Troy "Chart II: Comparison of Quality of Life Costs in SW Ohio Communities."



Refuse Program
Recommendation

1999 actual-2008 approved Refuse budget

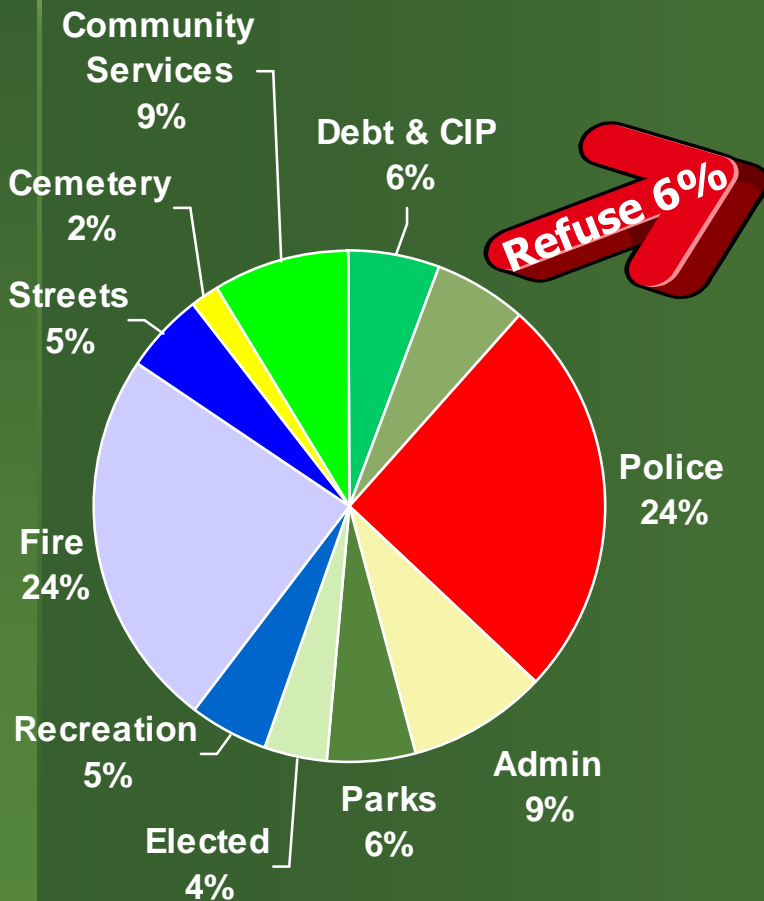
General Fund expenses of the Refuse Program have increased by nearly 28% since 1999.





Refuse Program
Recommendation

2008 Refuse Budget



<i>Personnel</i>	\$ 358,964
<i>Materials/Supplies</i>	48,500
<i>Services</i>	<u>438,650</u>
<i>Subtotal</i>	\$ 846,114
<i>Recycling Contract</i>	287,950
<i>Capital</i>	<u>0</u>
<i>Total</i>	\$1,134,064

Troy Ohio Refuse Collection Study:

Comparative Performance Measurement & Cost Analysis

Excerpts from Capstone Presentation

By Planner Tim Davis & Captain Ryan Gibson on June 4, 2008



Refuse Program
Recommendation

Our purpose

- *Evaluate Troy refuse operations v. other communities*
- *Evaluate Troy refuse operations v. private bidders*
- *Research & Analyze Utility of Pay As You Throw (PAYT)*



Our method

- ***Research Method: Comparative Performance Measurement***
- ***What Data Do We Compare?***
- ***How Did We Collect Information?***



Reasons to contract out

- ***Contracting Out: Most Common Form of Privatization in Miami Valley***

- ***Primary Reason for Privatization: Cost Savings***
 - ***Economies of scale: private collectors have larger capacity for labor, equipment, & capital***

 - ***Competition: encourages private agencies to keep costs low & to be innovative***



Potential disadvantages to contracting out

- *Field of Competition Is Usually Not As Open As Believed*
- *City Loses Direct Control Over Process and Quality*
- *City Must Consider All Cost Prior to Contracting*



Our research findings

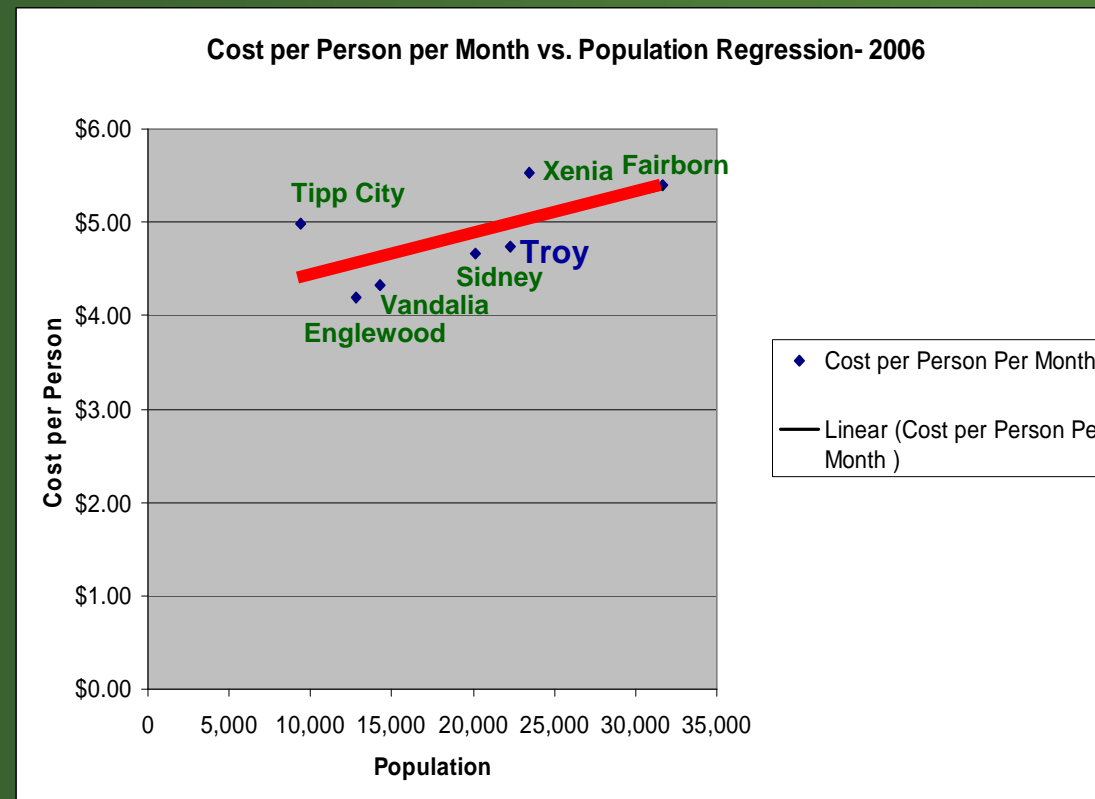
- *Contracted-Out Cities Could Not Provide Requested Information*
- *Contracted-Out cities in Miami Valley Cannot Efficiently Go Back to In-House*
- *In-House Cities Chose Not to Contract-Out*
- *Limited Private Collector Choices in the Miami Valley*



Refuse Program Recommendation

Regression Analysis

Based on trend analysis of several greater Dayton area communities, Troy falls below the linear trend line for cost for Refuse service.





INTERPRETING THE CHART

Cities	Per Person	Exp Value	Delta	Termed
Englewood	\$4.19	\$4.57	\$0.38	Efficient
Sidney	\$4.66	\$4.90	\$0.24	Efficient
Vandalia	\$4.33	\$4.61	\$0.28	Efficient
Xenia	\$5.53	\$5.00	-\$0.53	Inefficient
Tipp City	\$4.99	\$4.40	-\$0.59	Inefficient
Fairborn	\$5.40	\$5.37	-\$0.03	Inefficient



Refuse Program
Recommendation

Public v. private contractor costs (Refuse only)

<u>Year</u>	<u>Troy</u>	<u>Waste Management</u>	<u>Rumpke</u>
2009	\$1,021,773	\$1,166,400	\$1,913,600
2010	\$869,702	\$1,207,224	\$1,951,040
2011	\$1,168,829	\$1,249,477	\$1,988,480
Total	\$3,060,304	\$3,623,101	\$5,853,120

Source: City of Troy revised recommended budget (10/08-9/09); Waste Management and Rumpke Bid Documents



“Pay As You Throw” (PAYT) in theory

- ***Pros of the PAYT Program:***
 - *Allows citizens to control refuse costs*
 - *Decreases solid waste by encouraging recycling*
 - *Service can be provided by public & private entities*

- ***Cons of the PAYT Program:***
 - *No impact on fixed costs*
 - *Increased overhead costs*
 - *Inconsistent revenue results*
 - *Citizen buy-in*
 - *Illegal dumping*



Refuse Program
Recommendation

PAYT: Bellefontaine

- ***Hybrid system implemented in 1996, due to substantial rate increases in 3 consecutive contract periods.***

- ***Program implemented in 3 months***
 - ***Public confusion***
 - ***Lower than expected revenue***
 - ***Had to hire outside code enforcement officer to monitor***



Refuse Program
Recommendation

PAYT - Bellefontaine

<i>OPTION 1: Bag System</i>	<i>Fee= \$7.00 + Bag Purchases (\$.90 per bag)</i>
<i>OPTION 2: One 32 Gallon Container</i>	<i>Fee= \$10.50 per month</i>
<i>OPTION 3: Two 32 Gallon Containers</i>	<i>Fee= \$14.00 per month</i>
<i>OPTION 4: One Non-Standard Container</i>	<i>Fee= \$12.50 per month</i>
<i>OPTION 5A: One 90 Gallon Container</i>	<i>Fee= \$17.50 per month</i>
<i>OPTION 5B: One 90 Gallon (Leased)</i>	<i>Fee= \$21.00 per month</i>



Recommendations from the Capstone Report

Recommendations from the comprehensive capstone analysis are included at the end of this presentation.



Refuse Program
Recommendation

2008 Refuse budget

	<u>2008 Budget</u>	<u>Revised</u>
Personnel	\$ 358,964	\$ 286,685
Materials/Supplies	48,500	63,438
Services	438,650	433,650
Subtotal	\$ 846,114	\$ 783,773
Recycling Contract	287,950	255,590
Packer Vehicles	0	238,000
Total	\$1,134,064	\$1,277,363



Refuse Program
Recommendation

Year 1: Net revenues

October 1, 2008 - September 30, 2009

Total Budget	\$1,277,363
5% Contingency	63,868
Carryover	<u>7,769</u>
Total Need	\$1,349,000
# Households	÷ 8,000
# Months/Year	<u>÷ 12</u>
Revenue Need	\$ 14.05



Refuse Program
Recommendation

Year 1: Net revenues

October 1, 2008 - September 30, 2009

1st Year Rate*	\$	6.50
# Households	x	8,000
# Months/Year	x	<u>12</u>
New Revenue	\$	624,000
Total Need	-	<u>\$1,349,000</u>
GF Subsidy	\$	725,000

**Reflects a \$4.95 per month increase over current charged rates*

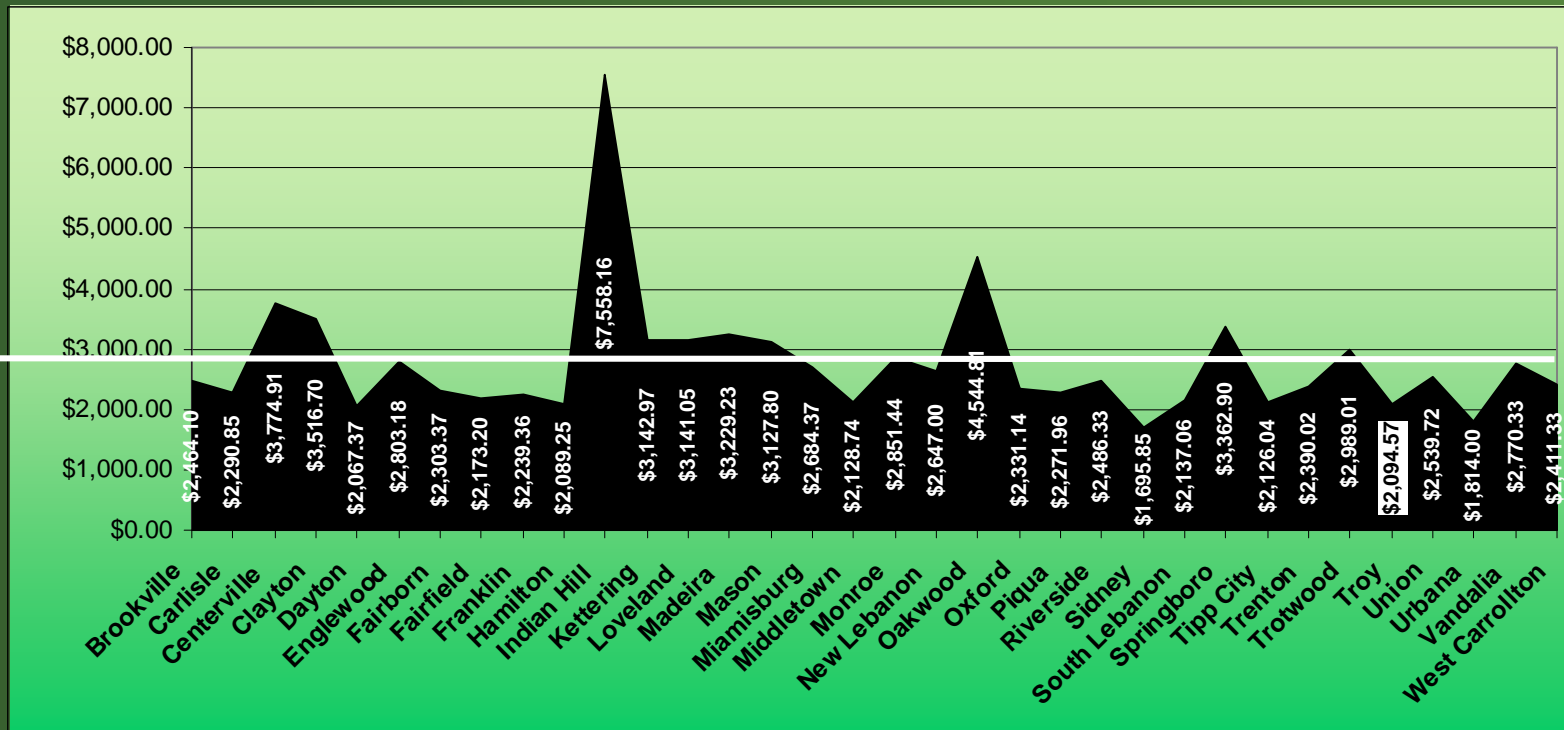


Refuse Program
Recommendation

Annual “Quality of Life” costs in Year 1

After rates are increased by \$4.95 per month, Troy’s annual quality of life costs will still remain \$676 under the average of 34 SW Ohio communities - 5th lowest

Average
\$2,771



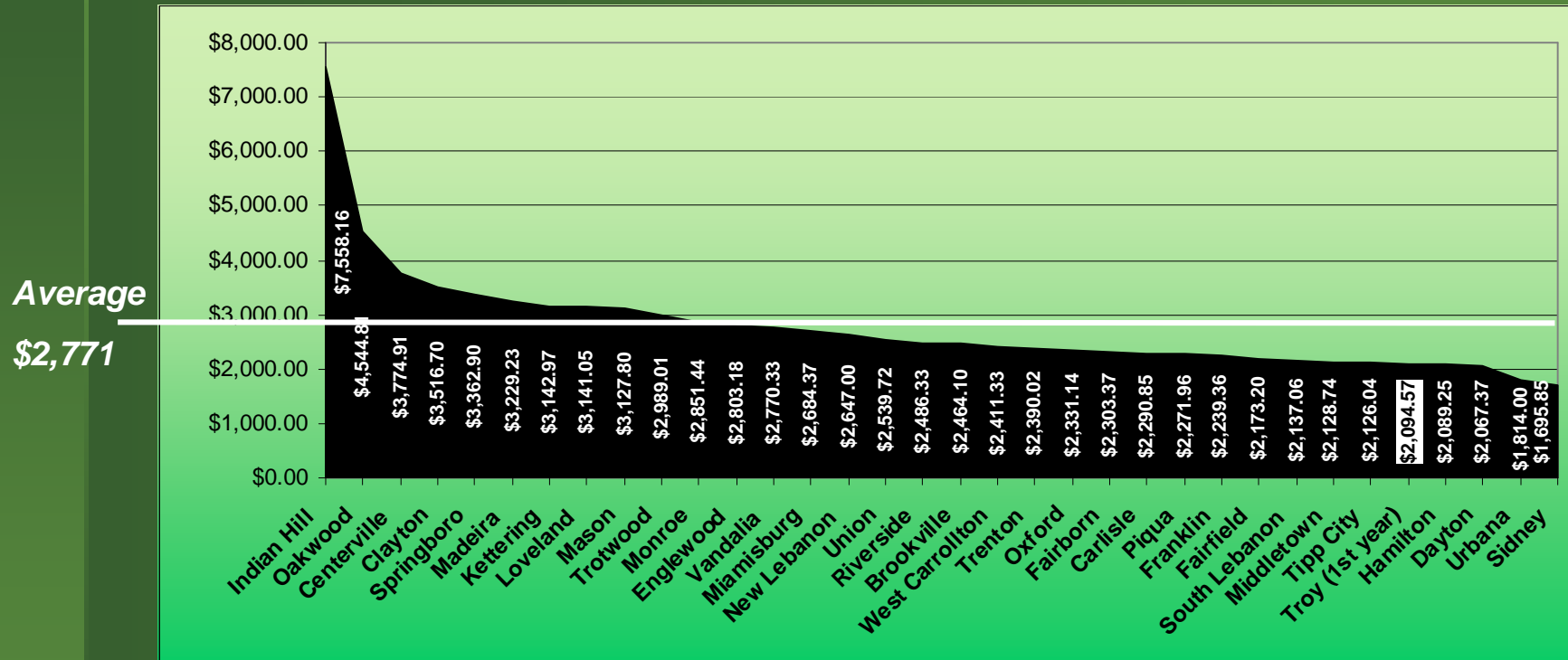
Source: City of Troy Chart III: Comparison of Quality of Life Costs in SW Ohio Communities.



Refuse Program
Recommendation

Annual “Quality of Life” costs in Year 1

After rates are increased by \$4.95 per month, Troy’s annual quality of life costs will still remain \$676 under the average of 34 SW Ohio communities - 5th lowest



Source: City of Troy Chart III: Comparison of Quality of Life Costs in SW Ohio Communities.



Refuse Program
Recommendation

Year 2: Net revenues

October 1, 2009 - September 30, 2010

Total Budget	\$1,085,146
5% Contingency	54,258
Yr 2 Carryover	116,365
Yr 1 Carryover	<u>-7,769</u>
Total Need	\$1,248,000
# Households	÷ 8,000
# Months/Year	<u>÷ 12</u>
Revenue Need	\$ 13.00

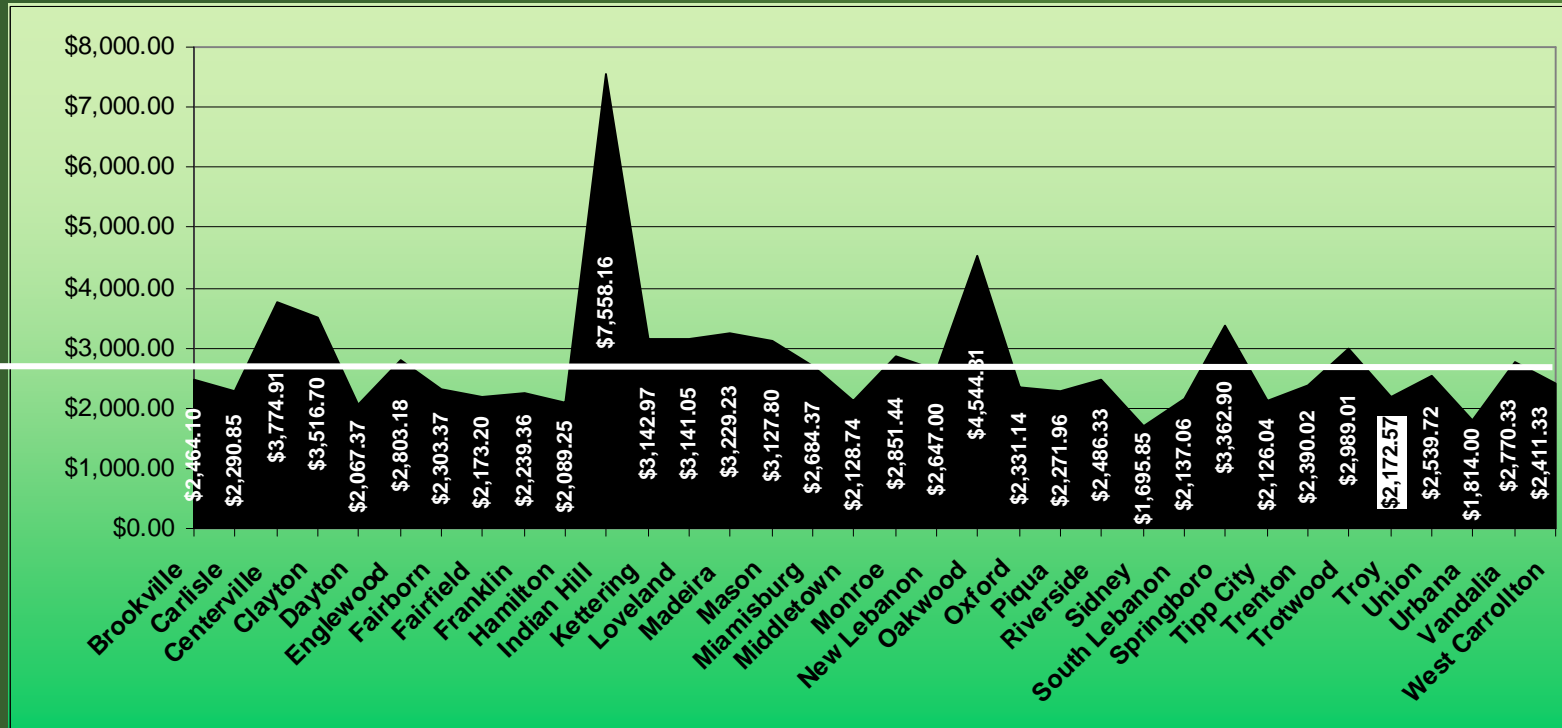


Refuse Program
Recommendation

“Quality of Life” costs in Year 2

After rates are increased to \$13.00 per month, Troy’s annual quality of life costs will still remain \$600 under the average of 34 SW Ohio communities - 8th lowest

Average
\$2,773



Source: City of Troy Chart 3: Comparison of Quality of Life Costs in SW Ohio Communities.

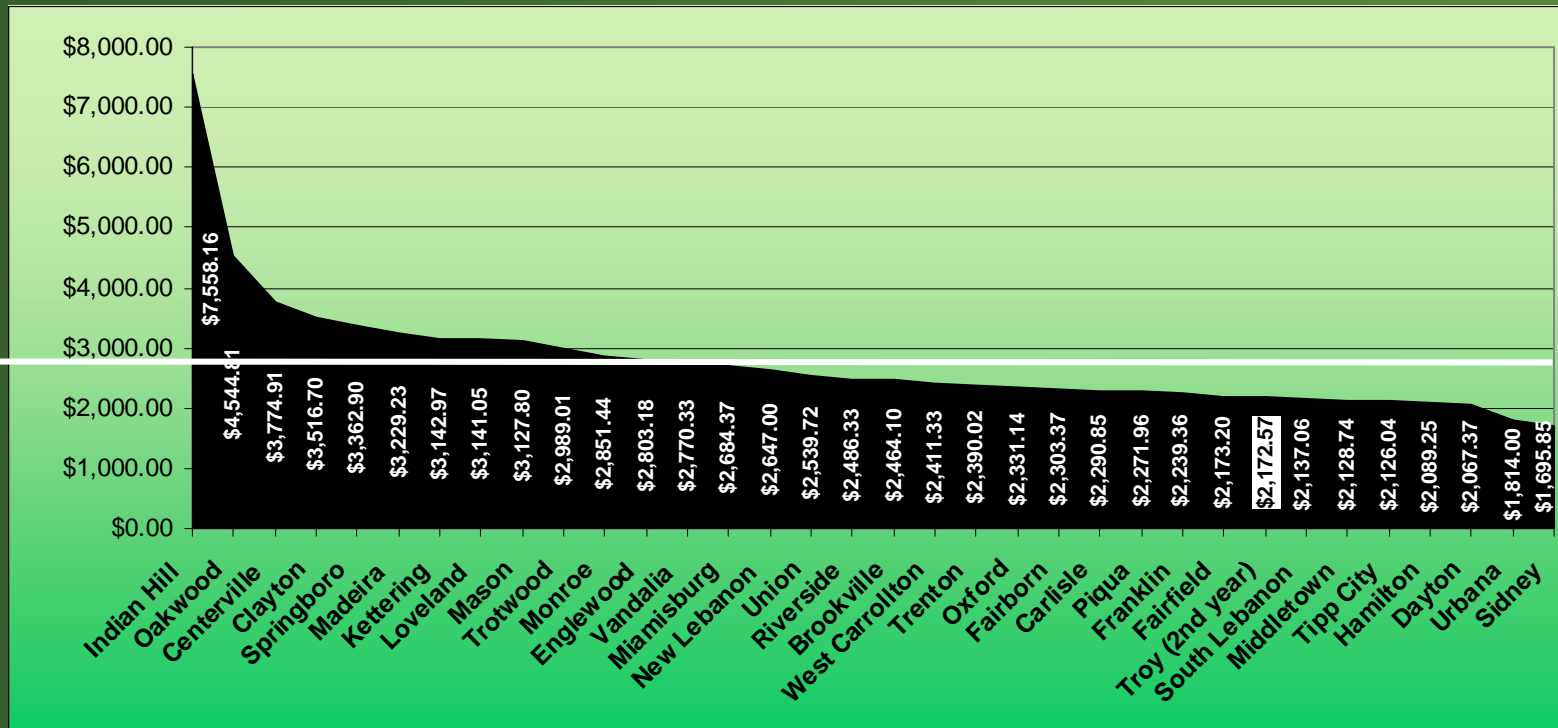


Refuse Program
Recommendation

“Quality of Life” costs in Year 2

After rates are increased to \$13.00 per month, Troy’s annual quality of life costs will still remain \$600 under the average of 34 SW Ohio communities - 8th lowest

Average
\$2,773



Source: City of Troy Chart 3: Comparison of Quality of Life Costs in SW Ohio Communities.



Refuse Program
Recommendation

Three other options. . .

-  ***Alternative municipal collection methods***
-  ***Special interest discounts beginning in 2nd year***
-  ***Maintain current refuse/recycling rates***



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Alternative municipal collection methods

- One-person articulating arm packers*
- Mechanical arm packers*



Special interest discounts

Pro

- Provides relief for those with “fixed incomes”*

Cons

- Discriminates against other special interest groups*
- Additional costs & difficulties to administer*
- Two-thirds of survey cities don't offer*
- Ignores other special interest discounts*
- Results in increased rates for everyone else*



 **Special interest discounts**

Discounts result in higher rates for everyone else

% S. I. Hholds	Monthly Rate	% Discount	S. I. Rate	Non-S.I Rate	Premium
10	\$13.00	50	\$6.50	\$13.72	5.56%
20	13.00	50	6.50	14.63	12.5%
30	13.00	50	6.50	15.79	21.43%



Refuse Program
Recommendation



Maintain current refuse/recycling rates

Pro

- Does not add to citizens' household budgets***

Cons

- General Fund balance would continue to erode***
- Capital infrastructure would become more expensive to repair and replace***
- Layoffs would be necessary***
- Unique quality of life will disappear***
- Service cuts would be inevitable***



Maintain current refuse/recycling rates

Examples of Potential Service cuts

- ☹ ***Non-economic development related special events***
- ☹ ***Non-essential safety services***
- ☹ ***Park upkeep***
- ☹ ***Recreational programming***
- ☹ ***Street maintenance***
- ☹ ***Special brush and bulk pickups***



Refuse Program
Recommendation

Recommendations

- ① *Retain Refuse Collection In-House*
- ② *Reduce Refuse staffing from 6 to 4.5 FTEs*
- ③ *Smooth out weekly pick up schedule*
- ④ *Purchase 2 replacement packer trucks*
- ⑤ *Increase Rates to offset program costs*
 - a. *Two-year phase-in*
 - b. *Annual inflation adjustment beginning year 3*
- ⑥ *Monitor PAYT program popularity*



Conclusions

- ***General Fund is in a deficit past 2010***
- ***Lack of population growth requires current citizens to pay larger portion***
- ***Additional cost cutting won't erase deficit***
- ***In-house refuse collection is best alternative***
- ***Charging for refuse service is inevitable; phasing is best approach***
- ***Once fees increased, Troy continues to maintain high quality of life at low cost***



Final Conclusion

If services are reduced, Troy's reputation as a quality place to live, work and visit will begin a downward spiral, affecting our ability to attract new industry, residents, and visitors, which will, in turn, severely impact our overall economic development.



Refuse Program
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