



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

## MEMORANDUM

**To:** Mayor Hunter and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Jay Sweeney, Chief Finance and Administrative Officer, Melissa Haley, Controller,  
Michael Harmon, Public Works Director

**Date:** 5 June 2018

**Subject:** Approval of Ordinance 2018-28 FY2019 Rate increase for Solid Waste

The Solid Waste Fund operates somewhat differently than our other funds, as the City and Borough of Sitka's waste operations are largely contracted out. For that reason, while still maintaining a long-term outlook for the fund and ensuring that any infrastructure needs are properly planned for, it is the funds operations that have the biggest impact on the rates that must be charged to ensure that waste collection and disposal services can be provided at the same level they are now. Currently, the fund is in a negative financial position as outside costs (particularly off-island shipping) have increased faster than revenues.

The primary goals for the Solid Waste Fund during the next year are to:

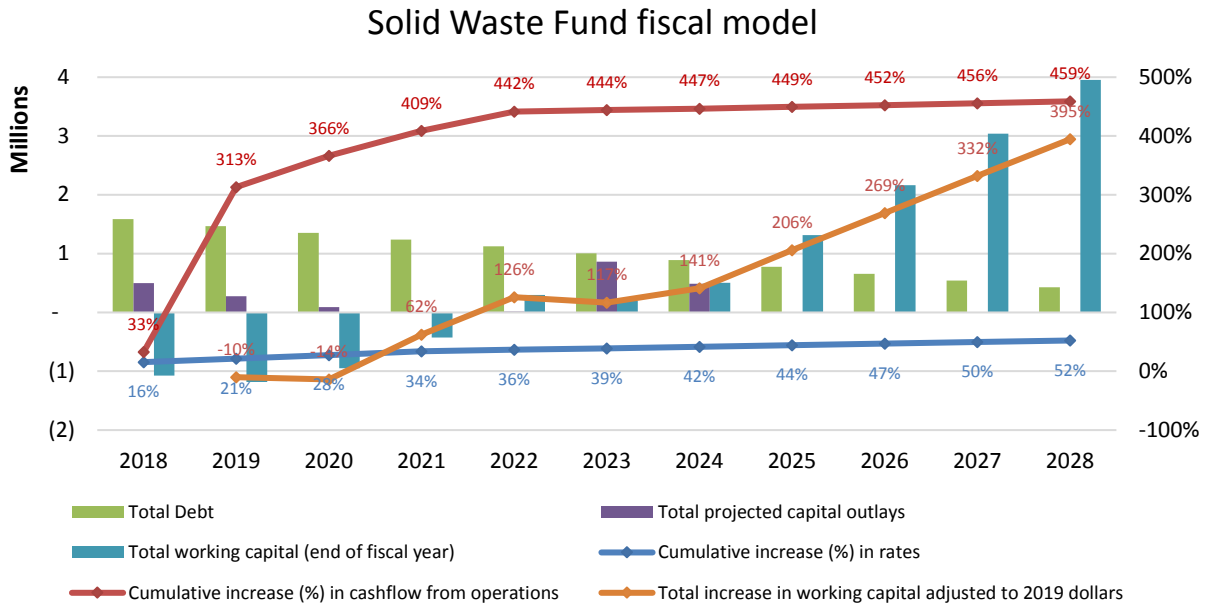
1. Return the fund to a financial position in which outlays are less than revenue. Prior year rate increases have proved to be insufficient to bring the fund back to a point where working capital is positive. This is largely due cost increases, such as shipping, that are out of our control.
2. Adjust transfer station and scrapyard rates so that revenue covers the cost of shipping off-island.
3. Gain efficiencies by taking over operation of the scrapyard.
4. Continue to closely monitor revenues and expenses at a more detailed level, in order to ensure that nuanced rate increases are made where most needed.

Over the past year, detailed analysis of our operations and revenue, has led staff to determine that transfer station and scrapyard operations revenues are not keeping up with expenditures, so adjustments have been made accordingly. Of note, the majority of revenue comes from collection services and the rate increase proposed for those services is 6.5%, based on the closer analysis, we are looking at somewhat higher rate increases for the transfer station and scrapyard (in general from \$.08 to \$.13, but with some exceptions for specific waste items), which are more targeted to actual usage, so as to avoid having the collection services subsidize these other services. The transfer station and scrapyard rates have not been adjusted in recent years and without these targeted increases, the rates for collection services would have to be much higher (roughly double) to offset the foregone revenue.

Below is an example demonstrating the total increased cost of a scenario which could be applicable to an average family in Sitka:

Example of typical household service with additional disposal activities	Total additional cost FY2019
96- gallon collection	\$3.38
250 lbs (200 free 50lbs paid)	\$2.50
disposal of 1 freezer	\$2.00
Total cost	\$7.88
<b>Monthly recurring cost</b>	<b>\$3.38</b>

Below is a graphical representation of the fiscal model for the Solid Waste Fund. To achieve the future outlook depicted below, the passage of the rate increases proposed for FY2019 are crucial.



The impact of the rate increases proposed in Ordinance 2018-28 for the Solid Waste fund are as follows:

Category	Service Type	Price increase	Impact of increase*	Notes
Collection	48-gallon container	\$2.01	\$2.01	6.5% increase
Collection	96-gallon container	\$3.38	\$3.38	6.5% increase
Collection	300-gallon container	\$13.68	\$13.68	6.5% increase
Collection	Complex/unique situations	\$3.06	\$3.06	6.5% increase
Collection	Liveaboard harbor	\$3.06	\$3.06	6.5% increase
Collection	Off Baranof Island	\$1.53	\$1.53	6.5% increase
Transfer Station	Free 200 lbs	\$0.00	\$0.00	No change
Transfer Station	Above 200 lbs	\$0.05	\$30.00	Cost increase of disposing 600 lbs outside of monthly 200lb limit
Scrapyard	Junk vehicles three quarter tons or smaller (per lb)	\$0.07	\$70.00	Increased cost to dispose of 1/2 ton vehicle
Scrapyard	Automobiles/ vehicles/ heavy equipment/ old trailers (larger than 3/4 ton) (per lb)	\$0.06	\$120.00	Additional cost to dispose of 1 ton vehicle
Scrapyard	mixed scrap metals (per lb)	\$0.02	n/a	
Scrapyard	sorted scrap metal (excluding steel) (per lb)	-\$0.02	n/a	savings if scrap metal sorted by type
Scrapyard	Freezers, refrigerators, air conditioners (/ unit)	\$2.00	\$2.00	increase to cost of disposing one refrigerator
Scrapyard	All other appliances/white goods other than above (per lb)	\$0.04	\$4.00	Increase to cost of disposing 100lb appliance
Scrapyard	Recyclables delivered to GPIP scrapyard (per lb)	\$0.09	\$9.00	increase to cost to dispose of 100 lbs of recyclables
Scrapyard	Household hazardous waste	\$0.00	\$0.00	no charge-household only
Scrapyard or Transfer Station	Large tires off of heavy equipment (per tire)	\$2.00	\$8.00	Increase to cost to dispose of 4 large tires
Landfill	Construction/demolition debris	\$0.00	\$0.00	as approved by public works director
Other	Concrete and Asphalt disposal (/cubic yd)	\$1.00	n/a	by appt. only
Other	Asbestos disposal (per cubic yd)	\$4.00	n/a	by appt. only

\* Monthly, unless otherwise noted