

Solid Waste and Septage Rate Study for the Island County Solid Waste Program: 2010-2012

Prepared for: Island County Public Works Department Coupeville, Washington
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EXECUTIVE SUMMARY

This is a short summary of a study of solid waste program rates conducted for the Island County Public Works Department. The objective of the study is to develop recommended solid waste and septage disposal rates for the period 2010 through December 31, 2012. The new rates are expected to be implemented January 1, 2010. [Use link to the full study for additional detail]

1. Methodology

The analysis incorporates four key components. Each component is closely tied to the next, with key results “carrying over” and used in the next set of computations to derive the resulting rate recommendations. The computations (and model) are broken into four components:

- service demand module;
- revenue requirements study,
- cost allocation study and
- rate design module.

The service demand module projects the tons of municipal solid waste (MSW), recycling, yard waste, customers of moderate risk waste (MRW), and gallons of septage that the County will need to provide in each year. The revenue requirements study compares projected revenues and expenses to determine the overall adequacy of existing rates. The cost allocation study classifies the revenue requirements into program services and calculates unit costs for each service. The rate design component balances projected program costs with other rate design considerations to develop a rate structure and recommended rate levels for the 3-year period 2010-2012.

The major sources of information for this study were the 2007-09 rate study,¹ the 2008-2010 budgets, and detailed interviews with Island County Staff. The last detailed rate study was conducted in 2007.

The major tool used for the computations was the rate model developed by SERA as part of the 2007 rate efforts. The key features include:

- The model documents underlying assumptions, and it supports analysis of the impacts of variations in the assumptions and conditions and trace the resulting impacts on rate computations. This includes variations in rate structure design as well as demand drivers.
- All revenue and expense entries in the model were linked to the budget, and the budget codes were incorporated into each line for verification and checking purposes.

2. Findings

The revenue requirements study (Section 2) concluded that projected sources of funds do not currently meet the projected application of funds at current rates. Although costs were held down in the current budget cycle, the revenue requirements increase over the figures incorporated into the 2007 rate study because disposal tonnages have fallen. The following key changes have been incorporated into the 2010-2012 budget:

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- Staffing: Negotiated rate increases may be larger than the inflation rate assumed for the rate period. Assumptions of 1% and 1.5% were incorporated for 2011 and 2012. Assumptions for rate negotiations embedded in the computations were higher-2.6%.
- CIP: CIP figures are very conservative and considerably lower than the 2007 figures.
- Beginning balance and fund balances: The rate study assumes the beginning balance is \$0 and that the \$2 million in funds previously included for landfill closure will be reassigned.

3. Recommended Solid Waste Program Rates

The recommended solid waste program rates reflect the cost of service as well as other rate design considerations including administrative simplicity, consistency with local policies and plans and ability to pay. [See the full study for detailed discussion of methodologies, data comparison rates.]

Comparison of Existing and Proposed Solid Waste and Septage Fees

<i>Transfer Station, Recycle Parks, Drop-Box</i>	2007 Rate	New Recm
First Can or bundle, \$	\$10.00	\$11.00
Add'l cans or bundles, each \$	\$3.00	\$3.50
Minimum total	\$10.00	\$11.00
MSW, \$/ton	\$110.00	\$115.00
Compacted Franchised Rates (preferred)	\$104.25	\$109.00
Segregated yard debris, \$/ton	\$76.00	\$80.00
Segregated recyclable material	\$0.00	\$0.00
Household hazardous waste	\$0.00	\$0.00
Used motor oil	\$0.00	\$0.00
CDL	\$130.00	\$136.00
Base fee per customer	\$7.55	\$7.50
<i>Special Wastes</i>	2007 Rate	New Recm
Hard to handle waste, \$/ton	\$163.00	\$170.00
Appliances, \$/each	\$21.50	\$22.50
Tires, \$/each	\$7.50	\$7.50
Asbestos waste, \$/ton (\$20 min)	\$0.00	\$0.00
Shredding+MRW if not recyclable (per b	\$1.50	\$1.50
<i>Septage</i>	2007 Rate	New Recm
Residential (Pumper trucks)	\$0.1450	\$0.1550
Town of Coupeville	\$0.0900	\$0.1000
Class B (with lab tests)	\$0.0750	\$0.0800
Large Institutions / Non-Class B	\$0.1200	\$0.1280