



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 261-2008

Meeting Date: April 15, 2008

From: MAYOR

Subject: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 26.80 TO ADD A NEW SECTION ADDING A SURCHARGE TO SUPPORT COMMUNITY RECYCLING INITIATIVES AND AMENDING SECTION 26.70.040 TO ADD THE SURCHARGE FEES.

As part of a Comprehensive Integrated Waste Management initiative, the Municipality of Anchorage, through the Economic & Community Development (ECD) and Solid Waste Services (SWS), intends to implement new programs in 2008 including:

- Additional facilities for drop off of recyclable materials within the community;
- Support for recycling in schools;
- Recycling bins in public venues; and
- Operation of a compost facility for recycling of organic wastes.

These programs are not anticipated to generate revenue, and require capital to develop facilities and purchase equipment, as well as funds for operating expenses. Annual costs for programs expected to be developed in 2008, including annual operating costs as well as amortized capital costs, are estimated to be:

Ongoing programs	\$325,000
Additional drop-off sites	\$352,000
School district recycling	\$326,000
Public space recycling	\$75,000
Composting clean-up	\$205,000
<u>Public outreach & education</u>	<u>\$247,000</u>
Total Area-Wide Services	\$1,530,000

In addition, implementation of these programs is predicted to reduce the tonnage of refuse delivered to SWS for disposal by approximately 20,000 tons. This decrease will result in a reduction in revenue to the SWS Disposal Utility by approximately \$1,000,000 at the current landfill tipping fee of \$50, without corresponding reduction to the utility's operating expenses. This surcharge provides additional revenues to ensure the Disposal Utility has adequate operating revenues.

To generate revenues to cover the costs to implement these new programs and to mitigate lost revenues to the refuse disposal utility, the Administration proposes adding a surcharge to all tipping fees collected at SWS-operated solid waste transfer and disposal facilities. Section 1 of the ordinance establishes a recycling surcharge of \$8.00 per ton to the current solid waste disposal tipping fee to fund these programs. Tipping fees are currently collected on approximately 330,000 tons annually.

With the addition of the surcharge to the current tipping fee, operating costs incurred by the SWS Refuse Collection Utility also increases. The Refuse Collection Utility pays the

1 Disposal Utility at the same rate as all other users of the disposal facilities. Section 2 of
2 the ordinance allows the Refuse Collection Utility to recover costs from the utility's
3 customers associated with the increase in tipping fees by adjusting refuse collection rates
4 for residential and commercial customers. Rates for conventional can/bag service
5 increases by \$1.65 per month, and collection rates for customers using commercial
6 dumpster service rises an average of 5.5% per month. The actual increase in cost for
7 commercial customers is dependent on the size of container and frequency of collection.
8

9 Prepared by: Solid Waste Services
10 Approved by: Mark G. Madden, SWS Director
11 Concur: Sharon Weddleton, CFO
12 Concur: James N. Reeves, Municipal Attorney
13 Concur: Michael K. Abbott, Municipal Manager
14 Respectfully submitted: Mark Begich, Mayor