

Submitted by: Chair of Assembly at the
Request of the Mayor
Prepared by: Solid Waste Services
For reading: January 29, 2008

CLERK'S OFFICE
AMENDED AND APPROVED
Date: 1-29-08

ANCHORAGE, ALASKA

AO No. 2007-146(S)

**AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTIONS 26.70.040
AND 26.80.050 TO INCREASE THE SOLID WASTE SERVICES REFUSE COLLECTION
AND DISPOSAL RATES.**

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 26.70.040, Service requests, rates and billing, is amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

26.70.040 Service requests, rates and billing.

*** *** ***

C. *Rates, fees and charges.* Notwithstanding section 26.10.035, the following rates, fees and charges shall be assessed for municipal solid waste collection:

1. *Conventional can or bag service.*

a. *Basic monthly charge.*

This rate covers the weekly collection of a maximum of four collection units, each unit consisting of one conventional 32-gallon garbage can or approved bag. The customer shall place all refuse for collection at the curbside or alley, within three feet of the drivable roadway or alley.

TABLE INSET:

Type of Service	Monthly Rate
Single-family residential	\$16.35
Multiple-family residential unit or mobile home or trailer court with more than one trailer or mobile home	\$16.35/unit
Business establishments, each unit consisting of four cans or bags. For each additional unit add \$16.35. For more than once weekly service, multiply units times number of days serviced	\$16.35/unit

--	--

b. *Additional services*

(1) Cans or bags in excess of the weekly limit will be collected and billed to the customer at a charge of \$1.50 per can or bag. Larger items will be charged at the current disposal charge based on cubic yardage with a minimum of one cubic yard.

(2) The municipal refuse collection utility will collect refuse at other than the scheduled collection time at the rate stated in this subsection. Estimates for special services will be quoted at the customer's request. The charge for special pickup service with a one person crew shall be \$95.30 [76.25] straight time and \$106.15 [84.90] overtime for each one-half hour of vehicle time required for the pickup, plus disposal charges based on the estimated volume of refuse picked up. The charge for special pickup service with a two man crew shall be \$107.80 [86.25] straight time and \$124.90 [99.90] overtime for each one-half hour required for the pickup, plus disposal charges based on the estimated volume of refuse picked up.

*** *** ***

(4) Dumpster service may be requested for temporary projects lasting one month or less. Service will be offered with groups of four pickups, with each group equal to once weekly service in schedule C-2, plus a delivery and return charges of \$95.30 [76.25] for each dumpster each way. Customers must notify customer service one day in advance to schedule a pick-up.

*** *** ***

2. *Container service.* The following rates apply to the collection of solid waste from containers having a capacity of from one to eight cubic yards that may be emptied mechanically by a refuse collection vehicle:

CONTAINER SCHEDULE - B

Schedule-1 - Containers with Loose Refuse With One Operator

<i>Size</i>	<i>1 Time per Week</i>	<i>2 Times per Week</i>	<i>3 Times per Week</i>	<i>4 Times per Week</i>	<i>5 Times per Week</i>	<i>6 Times per Week</i>	<i>Twice Daily</i>
1 1/4 cubic yards	<u>\$70.27</u> [54.05]	<u>\$140.40</u> 108.00	<u>\$210.67</u> 162.05	<u>\$281.00</u> 216.15	<u>\$351.26</u> 270.20	<u>\$421.53</u> 324.25	<u>\$842.99</u> 648.45]
2 cubic yards	<u>77.94</u> [59.95]	<u>155.03</u> 119.25	<u>233.94</u> 179.95	<u>311.94</u> 239.95	<u>389.94</u> 299.95	<u>467.94</u> 359.95	<u>935.87</u> 719.90]
3 cubic yards	<u>83.79</u> [64.45]	<u>167.70</u> 129.00	<u>251.55</u> 193.50	<u>335.47</u> 258.05	<u>419.32</u> 322.55	<u>503.23</u> 387.10	<u>1,006.53</u> 774.25]
4 cubic yards	<u>106.54</u> [81.95]	<u>213.20</u> 164.00	<u>319.80</u> 246.00	<u>426.47</u> 328.05	<u>533.00</u> 410.00	<u>639.73</u> 492.10	<u>1,279.53</u> 984.25]
6 cubic yards	<u>137.09</u> [105.45]	<u>272.87</u> 209.90	<u>409.31</u> 314.85	<u>545.68</u> 419.75	<u>682.18</u> 524.75	<u>818.61</u> 629.70	<u>1,637.29</u> 1259.45]
8 cubic yards	<u>166.14</u> [127.80]	<u>332.41</u> 255.70	<u>498.49</u> 383.45	<u>664.63</u> 511.25	<u>830.83</u> 639.10	<u>997.04</u> 766.95	<u>1,994.07</u> 1533.90]

Note: Containers 4, 6, and 8 cubic yards limited to household and light commercial wastes.

Schedule-2 - Containers with Compacted Refuse With One Operator

<i>Size</i>	<i>1 Time per Week</i>	<i>2 Times per Week</i>	<i>3 Times per Week</i>	<i>4 Times per Week</i>	<i>5 Times per Week</i>	<i>6 Times per Week</i>	<i>Twice Daily</i>
2 cubic yards	<u>\$79.69</u> [61.30]	<u>\$159.45</u> 122.65	<u>\$239.14</u> 183.95	<u>\$318.89</u> 245.30	<u>\$398.58</u> 306.60	<u>\$478.34</u> 367.95	<u>\$956.67</u> 735.90]
3 cubic yards	<u>105.89</u> [81.45]	<u>211.84</u> 162.95	<u>317.85</u> 244.50	<u>423.80</u> 326.00	<u>529.82</u> 407.55	<u>635.77</u> 489.05	<u>1,271.40</u> 978.00]
4 cubic yards	<u>135.59</u> [104.30]	<u>271.25</u> 208.65	<u>406.84</u> 312.95	<u>542.43</u> 417.25	<u>678.08</u> 521.60	<u>813.67</u> 625.90	<u>1,627.41</u> 1251.85]

Schedule-3 - Containers with Loose Refuse and Two Person Crew

<i>Size</i>	<i>1 Time per Week</i>	<i>2 Times per Week</i>	<i>3 Times per Week</i>	<i>4 Times per Week</i>	<i>5 Times per Week</i>	<i>6 Times per Week</i>	<i>Twice Daily</i>
2 cubic yards	<u>\$158.93</u> [122.25]	<u>\$317.85</u> 244.50	<u>\$476.84</u> 366.80	<u>\$635.77</u> 489.05	<u>\$794.69</u> 611.30	<u>\$953.62</u> 733.55	<u>\$1,907.36</u> 1467.20]
3 cubic yards	<u>207.22</u> [159.40]	<u>414.51</u> 318.85	<u>621.73</u> 478.25	<u>829.01</u> 637.70	<u>1,036.23</u> 797.10	<u>1,243.52</u> 956.55	<u>2,487.03</u> 1913.10]
4 cubic yards	<u>256.69</u> [197.45]	<u>513.50</u> 395.00	<u>770.32</u> 592.55	<u>1,027.07</u> 790.05	<u>1,283.88</u> 987.60	<u>1,540.50</u> 1185.00	<u>3,081.33</u> 2370.25]
6 cubic yards	<u>408.59</u> [314.30]	<u>817.18</u> 628.60	<u>1,225.77</u> 942.90	<u>1,634.36</u> 1257.20	<u>2,042.95</u> 1571.50	<u>2,451.54</u> 1885.80	<u>4,903.08</u> 3771.60]

Schedule-4 - Containers with compacted Refuse and Two Person Crew

Size	1 Time per Week	2 Times per Week	3 Times per Week	4 Times per Week	5 Times per Week	6 Times per Week	Twice Daily
2 cubic yards	<u>\$171.99</u> [132.30]	<u>\$344.11</u> \$264.70	<u>\$516.17</u> \$397.05	<u>\$688.29</u> \$529.45	<u>\$860.34</u> \$661.80	<u>\$1,032.33</u> \$794.10	<u>\$2,064.79</u> \$1588.30]
4 cubic yards	<u>284.31</u> [218.70]	<u>568.69</u> 437.45	<u>853.00</u> 656.15	<u>1,137.37</u> 874.90	<u>1,421.75</u> 1093.65	<u>1,706.06</u> 1312.35	<u>3,412.18</u> 2624.75]
6 cubic yards	<u>449.74</u> [345.95]	<u>899.47</u> 691.90	<u>1,349.34</u> 1037.95	<u>1,799.07</u> 1383.90	<u>2,248.87</u> 1729.90	<u>2,698.67</u> 2075.90	<u>5,397.34</u> 4151.80]

Schedule-5 - Rental rates for one to eight cubic yard containers provided by the municipal refuse collection utility shall be \$18.75 [15.00] per month. Containers with locking mechanisms that do not require the collector to exit the vehicle shall rent for \$25.00 [20.00] per month.

*** *** ***

(CAC 11.12.030; AO No. 77-349; AO No. 78-119; AO No. 81-80; AO No. 82-225; AO No. 83-221; AO No. 85-202, 1-1-86; AO No. 86-203, 1-9-87; AO No. 88-170, 1-1-89; AO No. 89-51(S-3); AO No. 90-72; AO No. 2000-79, § 1, 5-16-00; AO No. 2004-80, § 1, 7-1-04; AO No. 2005-13, § 1, 2-15-05)

Section 2. Anchorage Municipal Code 26.80.050, Charges, is amended to read as follows
(the remainder of the section is not affected and therefore not set out):

26.80.050 Charges.

A. *Fee schedule for secured loads.* The following solid waste disposal user charges shall apply to secured loads:

*** *** ***

3. Each user who delivers between one and five cubic yards of solid waste, which does not exceed 1,000 pounds in weight, to a solid waste [transfer or] disposal facility that is hauled in a standard unmodified pickup truck, passenger van or trailer, whose bed and load do not exceed 96 inches in length, 66 inches in width and 36 inches in height, shall pay a fee of \$15.00 [10.00] for each load. Each user who delivers a load of similar weight and dimension to a solid waste transfer facility shall pay a fee of \$15.00 \$20.00 for each load. Any user who disagrees with the attendant's estimate of the volume, dimension or weight shall have their load weighed and be charged in accordance with subsection A.4. or A.5. of this section. If the solid waste delivered in a pickup truck, passenger van or trailer is contained in four or less 32-gallon conventional garbage cans or four or less 32-gallon sized plastic garbage bags, the user fee shall be \$1.00 for each can or bag.

- ***

Section 3. This ordinance shall be effective on April 1, 2008.

Chair

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

Page1

AO Number: 2007-146(S)

Title: An Ordinance amending Anchorage Municipal Code sections 26.70.040 and 26.80.050 to increase the Solid Waste Services Refuse Collections and Disposal rates.

Sponsor:

Preparing Agency:

Others Impacted:

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY08	FY09	FY10	FY11	FY12	
Operating Revenues:						
	\$ 2,221	\$ 2,967	\$ 5,903	\$ 5,903	\$ 6,520	
TOTAL OPERATING REVENUES	\$ 2,221	\$ 2,967	\$ 5,903	\$ 5,903	\$ 6,520	
Operating Expenses:						
	\$ 139	\$ 185	\$ 369	\$ 369	\$ 408	
TOTAL OPERATING EXPENSES	\$ 139	\$ 185	\$ 369	\$ 369	\$ 408	
Non-Operating Revenues:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)	\$ 2,082	\$ 2,782	\$ 5,534	\$ 5,534	\$ 6,112	
POSITIONS: FT/PT and Temp	0	0	0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on FY 2007 Projections.

Public sector customers of SWS Disposal Utility will pay a \$5.00 increase in tonnage disposed at the Regional Landfill(\$50.00) and \$5.00/load increase for pickup trucks (\$15.00), a \$15.00 increase in tonnage disposed at the Central Transfer Station(\$60.00) and \$10.00/load increase for pickup trucks (\$20.00) effective April 1, 2008.

FY2010 assumes \$60.00 for all tonnage disposed and \$20.00/load for all pickup trucks effective January 1, 2010.
FY2012 assumes an additional \$2.00 increase in tonnage disposed (\$62.00) effective January 1, 2012.

The last disposal rate increase was in 1989.

PRIVATE SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on FY 2007 Projections.

Public sector customers of SWS Disposal Utility will pay a \$5.00 increase in tonnage disposed at the Regional Landfill (\$50.00) and \$5.00/load increase for pickup trucks (\$15.00), a \$15.00 increase in tonnage disposed at the Central Transfer Station (\$60.00) and \$10.00/load increase for pickup trucks (\$20.00) effective April 1, 2008.

FY2010 assumes \$60.00 for all tonnage disposed and \$20.00/load for all pickup trucks effective January 1, 2010.
FY2012 assumes an additional \$2.00 increase in tonnage disposed (\$62.00) effective January 1, 2012.

The last disposal rate increase was in 1989.

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

Page1

AO Number: 2007-146(S)

Title: An Ordinance amending Anchorage Municipal Code sections 26.70.040 and 26.80.050 to increase the Solid Waste Services Refuse Collections and Disposal rates.

Sponsor:
 Preparing Agency:
 Others Impacted:

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY08	FY09	FY10	FY11	FY12	
Operating Revenues:						
	\$ 728	\$ 997	\$ 1,666	\$ 1,675	\$ 2,054	
TOTAL OPERATING REVENUES	\$ 728	\$ 997	\$ 1,666	\$ 1,675	\$ 2,054	
Operating Expenses:						
	\$ 464	\$ 656	\$ 744	\$ 796	\$ 859	
TOTAL OPERATING EXPENSES	\$ 464	\$ 656	\$ 744	\$ 796	\$ 859	
Non-Operating Revenues:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)	\$ 264	\$ 341	\$ 922	\$ 879	\$ 1,195	
POSITIONS: FT/PT and Temp	0	0	0	0	0	

PUBLIC SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on FY 2007 Projections.

Public sector customers of Refuse Collection Utility will pay a 30% increase in commercial collection and \$18.00/dumpster for Container Rentals effective April 1, 2008.

FY2010 assumes additional 9% increase for commercial and residential collections (\$17.80/month) effective January 1, 2010.

FY2012 assumes additional 5% increase for commercial and residential collections (\$18.70/month) effective January 1, 2012.

PRIVATE SECTOR ECONOMIC EFFECTS:

The Changes in Revenues and Expenses are based on FY 2007 Projections.

Public sector customers of Refuse Collection Utility will pay a 30% increase in commercial collection and \$18.00/dumpster for Container Rentals effective April 1, 2008.

FY2010 assumes additional 9% increase for commercial and residential collections (\$17.80/month) effective January 1, 2010.

FY2012 assumes additional 5% increase for commercial and residential collections (\$18.70/month) effective January 1, 2012.

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 658-2007(A)

Meeting Date: January 29, 2008

From: MAYOR

Subject: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTIONS 26.70.040 AND 26.80.050 TO INCREASE THE SOLID WASTE SERVICES REFUSE COLLECTION AND DISPOSAL RATES.

This ordinance increases Refuse Collection and Disposal rates. Solid Waste Services (SWS) is composed of two separate utilities.

Solid Waste Disposal:

The Disposal Utility has area wide powers. It operates the 300 acre Anchorage Regional Landfill in Eagle River and three transfer stations at Girdwood, E. 56th Ave. / Seward Highway, and the Anchorage Regional Landfill. Twenty (20) tractor/trailers haul the solid waste from the transfer stations to the landfill. A fleet of heavy, earth-moving equipment buries 800 million pounds of solid waste under 500 million pounds of gravel in the landfill each year. Solid Waste Disposal also operates two household hazardous waste facilities and is responsible for the care and closure activities and costs for three closed landfills.

The current disposal operation concept began twenty years ago when the old shredder plant at E. 56th Avenue was converted to the Central Transfer Station (CTS) and the Anchorage Regional Landfill (ARL) was opened. At that time it was decided that the majority of the refuse generated in the Anchorage Bowl would be delivered by the public and commercial haulers to CTS and then Solid Waste Disposal would transport it to the ARL. The collection of household hazardous wastes was started at the same time to reduce the amount of hazardous wastes disposed in the AWWU wastewater system and the landfill. This system has been gradually refined and made more efficient over time, which is one of the major reasons why rate increases have been deferred for so long. Tipping fees per ton have remained at \$45/ton since 1989. Implementation of this operational concept has also resulted in a fairly inflexible system that will be difficult to modify. Thousands of Anchorage customers use the Central Transfer Station every year, and the delivery of refuse by commercial refuse haulers has been integrated into their core business operations. Every piece is a critical link. However, Solid Waste Disposal is projected to operate at a loss of \$2,500,000 in 2008 and therefore cannot continue to provide adequate service without a rate increase.

1
2 Solid Waste Disposal is obligated by the US EPA under Title 40, C.F.R., Parts 257 and
3 258 and GASB Statement No. 18 to accrue cost related to the closure of the Anchorage
4 Regional Landfill and to provide for its care after closure. As of December 31, 2006 the
5 Solid Waste Services Fund has accrued \$12,911,374 towards this liability.³ Under a
6 separate Assembly Memorandum and Resolution, SWS is requesting that the cash
7 collected from current rate payers for this liability be set aside for the future payment of
8 the landfill care and closure. The 2008 and 2009 Solid Waste Disposal budgets include
9 \$1,308,900 and \$1,284,650 respectively for future landfill care and closure.

10
11 Current rate payers are also paying approximately \$690,000 per year for the care of three
12 old landfills which were closed a number of years ago before there were requirements to
13 accrue for future care and closure costs. The largest of these is the old Merrill Field
14 landfill where costs for leachate disposal, landfill gas control and water and air quality
15 monitoring will continue for decades. These costs continue to increase as the control
16 systems age and need replacing.

17
18 Since the last rate increase almost twenty years ago all the labor, supplies, equipment,
19 professional services and hazardous waste collection costs have increased significantly.
20 The average per employee labor costs, which comprise 37% of expenses, have increased
21 70% and fuel costs for the large truck and heavy equipment fleets have increased 220%.
22 The contract for disposal of household hazardous waste will cost almost \$900,000 in
23 2007 and is expected to increase to over \$1 million in 2008. The regulatory and permitting
24 requirements have increased significantly since the landfill opened twenty years ago,
25 consequently capital and operating expenditures for landfill expansion, leachate
26 management, air emissions controls and groundwater monitoring have also increased
27 significantly.

28
29 The amount of free, non-revenue producing refuse has increased significantly in the last
30 twenty years. The original land transfer agreement with Fort Richardson for the landfill
31 site included an allowance for unlimited free usage of the landfill by Fort Richardson and
32 its residents and employees. Due to the large amount of construction and demolition
33 debris generated from facility modernization and expansion, the free tonnage from Fort
34 Richardson has increased approximately 240%. In addition programs promoting a cleaner
35 community that did not exist twenty years ago like Spring Cleanup and the free dump
36 certificates also generate large amounts of non-revenue producing refuse that must be
37 properly handled, transported, and buried. Free tonnage is now averaging approximately
38 60 million pounds versus 22 million pounds in 1989, an increase of 270%.

39
40 To reduce costs, equipment replacements and maintenance have been deferred. In an
41 attempt to reduce costs a majority of the large and costly tractor and heavy equipment
42 fleet has recently been rebuilt in an attempt to extend their useful lives. A similar attempt
43 to extend life of the "cherry pickers" that help fill the transfer trucks failed as both pieces
44 of equipment broke down on the same day causing commercial haulers to be diverted to
45 the landfill temporarily. Replacements of the CTS roof and major repairs to the concrete
46 tipping floor have been deferred for a number of years, and the existing facility is at the
47 end of its useful life. A new and larger transfer station is proposed to be built in 2010 to
48 accommodate increased traffic and to provide the flexibility to handle the diversion of
49 recycle waste streams.

The initial phase of the ARL gas collection facility is now complete and Solid Waste Disposal is planning to either sell the gas or build a gas to energy project that could be on line and producing revenue by 2011.

In October 2007, SWS proposed an increase in the disposal rate of 22% from \$45 per ton to \$55 per ton at all facilities. An independent auditor hired by the Assembly has reviewed the rate increase proposed by SWS as well as the overall finances and business practices by the Disposal Utility. The auditor has recommended a differential rate for disposal between users delivering waste directly to the landfill and those users who deliver wastes to the remote transfer stations (CTS and Girdwood) to more equitably distribute costs associated with the transfer stations to the users of those facilities. The proposed rates would be \$50 per ton for wastes delivered to the landfill and \$60 per ton for wastes delivered to the remote transfer stations. The rate increase will affect all haulers using the scales including private commercial haulers as well as the SWS Refuse Collection trucks.

The auditor recognized the extended period required for commercial operators who provide residential garbage collection to recoup the cost associated with this rate increase. Residential garbage collection is regulated by the Regulatory Commission of Alaska. Non-government entities providing residential garbage service must register a rate case with the RCA prior to increasing their collection fees; a process requiring in excess of 6 months to complete. Consequently, disposal rates for commercially collected refuse from single family and multiple family residences using can and bag disposal, shall remain at \$45 per ton.

The ordinance also increases the residential drop off fee from \$10 to \$15 per pickup load at the landfill. To more equitably distribute operating costs associated with the remote transfer stations, the rate for pickup loads delivered to these facilities will rise to \$20 per load. This rate increase will affect most pickup trucks using the three transfer stations. Vehicles carrying more than 1,000 pounds are directed to the scales and will pay the tonnage rate for that facility.

The proposed disposal rate increases are expected to generate \$3.5 million in 2008. There will be no rate increase necessary in 2009 if this rate increase occurs in a timely manner.

Refuse Collections:

SWS Refuse Collections operates a fleet of 18 trucks that pick up residential refuse from 12,000 customers and commercial refuse from 4,550 dumpsters in the Old City of Anchorage service area. It also owns the SWS Administrative Building. This ordinance does not change residential collection rates but raises commercial collection rates 30% and will affect all commercial SWS Refuse Collection customers. Even with these rate increases the Refuse Collections rates will still be in line with the rates charged by the major local private hauler, Alaska Waste. The proposed refuse collection rates are expected to generate \$1.3 million in 2008.

1 The operating costs for all facets of Refuse Collections continue to increase. Even with a
2 fixed service area, the number of customers has increased resulting in more pickup stops
3 and more refuse. The average employee labor rate, which comprises 39% of expenses,
4 has increased 64% in the last two decades, but the gradual implementation of more
5 efficient equipment and procedures has slowed the increase of operating costs. Even with
6 more customers, there are now fewer trucks and the number of employees has been
7 reduced from 25 to 19. The increase in the disposal tipping fee will also increase the cost
8 to Refuse Collections by approximately \$400,000 per year.

9
10 Refuse Collections is moving ahead with the purchase of automated residential collection
11 trucks that use a mechanical arm to lift and dump the refuse can into the truck. The use
12 of this more efficient equipment is expected to reduce the need for two trucks and drivers
13 by 2010 when the program is phased in across the entire service area. The use of this
14 equipment will also reduce the number of workman's compensation claims resulting from
15 back injuries caused by slipping on ice and lifting heavy refuse cans. The proposed CIB
16 accelerates the purchase of these vehicles. These measures will help Refuse Collections
17 hold down future rate increases as much as possible.

18
19 **Summary:**

20
21 These rate increases are necessary to meet the basic operating criteria that have been
22 used for years for municipal utilities; to have a 45-day cash operating reserve, meet debt
23 service requirements and have a positive net income. Both of these utilities are projected
24 to have negative net incomes in 2007. Coupled with known operating cost increases, the
25 losses will be progressively higher in 2008 and in 2009 without these rate increases.

26
27 Solid Waste Services is currently considering several recycling alternatives to reduce
28 waste going into the landfill. A consultant working with the Municipality and SWS is
29 preparing recommended recycle and waste diversion options for Anchorage. This
30 proposed rate increase includes funding for a Recycling Manager position at SWS, but
31 does not include funding for various recycling options that may be brought to the
32 Community and Assembly in the near future.

33
34 THE ADMINISTRATION RECOMMENDS ASSEMBLY APPROVAL OF AN ORDINANCE
35 AMENDING SECTIONS 26.70.040 AND 26.80.050 TO INCREASE REFUSE
36 COLLECTION AND DISPOSAL RATES.

37
38 Prepared by: Mark G. Madden, Director, Solid Waste Services
39 Concur: Wanda J. Phillips, Director, OMB
40 Concur: Sharon B. Weddleton, Chief Fiscal Officer
41 Concur: James N. Reeves, Municipal Attorney
42 Concur: Michael K. Abbott, Municipal Manager
43 Respectfully submitted: Mark Begich, Mayor



Mark Begich,
Mayor

Municipality of Anchorage

Solid Waste Services

Memorandum



DATE: January 25, 2008

TO: Michael Abbott, City Manager

FROM: Mark Madden, Director, Solid Waste Services

SUBJECT: Solid Waste Services Proposed Rate Increase
Comments on Recommendations by Ms. Pease

2008 JAN 28 AM 9:19
CLEANUP OFFICE
M.O.A.

Solid Waste Services (SWS) has reviewed the presentation and associated documents presented by Mary Ann Pease during the Assembly work session held on January 18, 2008. Ms. Pease reviewed the rate increase proposed by SWS, as well as past financial statements, proposed operating budgets, and business practices of the Department. SWS would like to provide the following comments on the major points of Ms. Pease's presentation:

- SWS agrees with Ms. Pease that a rate increase is needed. Both rate proposals generate a similar amount of revenue.
- Ms. Pease proposes a differential rate structure as opposed to the flat increase proposed by SWS. SWS recommends the original SWS proposal for the following reasons, however Ms. Pease's proposal is preferable to the reduction in services required by no rate increase:
 - Anchorage has been well served for more than 25 years by a tipping fee that doesn't differentiate between tipping locations. The historic and SWS proposed future rate structure allow equal treatment for all MOA residents regardless of proximity to the landfill. This structure is similar to the rate structure used by other MOA-owned utilities which also offer standard rates for similar service regardless of location within the municipality.
 - While SWS agrees there are added costs to process and haul garbage delivered to the transfer station, the time-value-of-money analysis presented does not account for the time savings enjoyed by the landfill users and benefits provided to the community by diverting 75% of the traffic to the transfer station.
 - One consequence of Ms. Pease's proposed rate structure would be to divert more traffic to the landfill. The landfill, and particularly its entrance facilities, are designed to support the current transfer station system and are consequently not currently adequate to serve larger volumes of traffic. Additionally, space to expand these facilities is limited.
- Ms. Pease recommends that closure and post-closure care funds be placed in a restricted account. SWS supports this recommendation. SWS believes the care and closure liability should be fully funded as soon as possible. Ms. Pease recommends funding the liability over a longer period of time.

- Ms. Pease recommends suspension of payment of dividends to the Municipality of Anchorage since the current financial condition of the Utility, in her opinion, does not generate surplus funds. SWS does not support this recommendation. If a rate increase is approved, the Utility will be financially sound and therefore the suspension will be unnecessary. Additionally, the Municipality, as owner of SWS, should earn and receive a reasonable rate of return on its investment as represented by this dividend.
- Ms. Pease recommends that SWS Collections reduce the number of cans/bags allowed per residential pickup be reduced from four to three containers. Ms. Pease also recommends that SWS capture additional revenue by charging for all excess bags collected. SWS agrees that a new collection rate system should be developed and that it should include variable rates (pay as you throw) and extra charges for excess refuse. Such a rate structure will be proposed by February 29.