

Report on Bulk Container Program

History

The City of Winston-Salem requires the owners of all units to provide a refuse container that will properly handle waste generation between collections. Some residents can utilize 96-gallon carts effectively while others may require bulk containers for efficient collection of refuse.

Mandatory use of bulk containers is required per ordinance in **Chapter 26-3 (e.)**

- (1) *Business, commercial and retail establishments generating more than three 32-gallon refuse receptacles of refuse per week;*
- (2) *Any apartment development, which contains more than ten individual dwelling units;*
- (3) *Any mobile home park, as defined in the city zoning ordinance, constructed or approved after adoption of the ordinance from which this chapter is derived and which contains more than ten lots; and*
- (4) *Residential condominium, townhouse or cluster home developments with a density of more than eight units per acre.*

The bulk container program currently provides commercial dumpster service to 730 customers throughout the city. The range of customer types consist of apartments (APTS), condominiums, cluster homes, townhomes (CCT), businesses, schools and religious institutions. The numbers represent the service locations but are not indicative of the number of containers at each location. Currently we service 46 (CCT) and 45 (APTS). (See Table 1.)

Table 1.

Bulk Container Customer Types

Business	444
City	58
School	54
Condos, Cluster homes, & Townhomes	46
Apartment	45
Church	45
Non-Profit	25
Mobile Home	5
Housing Authority	4
Seasonal	4

As a part of the budget approval process, there were public hearings to discuss the discontinuation of the bulk container program and the impact to the budget based on the annual program shortfall

of \$600,000. During the budget review process, there were no negative comments by residents or businesses about the discontinuation of the program.

The Public Works Committee has asked staff to provide a report detailing full cost recovery to provide the bulk container service to (CCT) and (APTS).

Condominiums, Cluster Homes & Townhomes (CCT)

Currently, the program provides service to 46 different locations on a weekly basis. There are 2,748 available units to provide collections. Units represent residential spaces available at all of the combined locations serviced. Of the 48 different locations, only eight pay any fees for collection. The current structure of the ordinance allows any (CCT) facility to receive free collection if they have one dumpster per 20 units and receive no more than one collection weekly. Units that pay fees and generate revenue receive more than one pick-up weekly or have more than one dumpster per 20 units. The city is currently receiving \$25,476 annually in revenue for providing this service. The current fee structure does not adequately cover the cost of the service provided to (CCT) units.

(APTS) and (CCT)

The city is currently receiving \$217,859.68 annually in revenue for providing the service to (APTS). In order to continue service to the (CCT) and (APTS) locations, staff would have to create a model that involved full cost recovery so the current budget could realize the necessary savings to meet the projection for FY 2018-2019.

The resources to cover both (APTS) and (CCT) increases as one additional truck is necessary to complete the routes. The increase in trucks and labor will drive up the operations cost and equipment lease purchasing expenditures compared to providing service to (CCT) units exclusively (Table A.). The combination of (APTS) and (CCT) units is 277 dumpsters requiring collection at least once per week. The monthly cost and annual expense for the customer is in (Table B.).

Table A.

Current Revenue Generated (APTS) & (CCT)	Operations Costs	Equipment Lease Purchase (2) Trucks	Total Expenditures	Revenue needed for full cost recovery
\$243,335.68	\$713,456.66	\$97,321.20	\$810,777.86	\$567,442.18

Table B.

8 CY Dumpster (1 x weekly)	Monthly Expense	Annual Expense
This represents 1 dumpster	\$243.91	\$2,927.00

The existing collection costs for (1) eight cubic-yard dumpster serviced weekly is \$73.33 monthly for (CCT) & (APTS) but would increase to \$243.91 because of the new fees.

Continue Service and Adjust Fee Schedule

Another option is to continue the current service to all remaining customers and adjust the fee schedule to capture more of the true cost of operation. A rate increase would cover some of the operation cost, but would not result in full cost recovery.

In FY 2018, the full cost of providing the service was almost \$1.9 million and revenues received totaled \$1.2 million. This left the General Fund to cover over \$600,000 for the program's operation. Assuming no change in our customer base, a 30% rate increase for all bulk container customers could generate an additional \$350,000 in annual revenue. This still leaves a nearly \$300,000 gap in revenues. For most customers receiving one dumpster serviced weekly, the 30 percent increase would amount to \$175-\$300 a year. Customers receiving multiple collections weekly would experience an increase as well.

This option would also involve charging all Condominiums, Cluster Homes & Townhomes (CCT) and (APTS) a rate of \$1,144.00 annually for one dumpster serviced weekly. The new rate would result in an additional \$43,472 in revenue from (CCT).

Conclusion

It is not possible to continue the program at current rates and have the projected budgetary impact of \$300,000 in savings approved by city council for the 2018-2019 fiscal year. The City Council has several options:

- Remain with Council decision to eliminate all service.
- Restore service to all customers at current fee structure and identify \$600,000 in funds to cover annual cost.
- Restore service just for residential customers (CCT) and (APTS) at current fee structure and identify \$567,442 in funds to cover cost.
- Restore service just for residential customers (CCT) and (APTS) with a substantial increase in the amount that customers would have to pay to receive the service.
- Continuation of the existing program with a 30% increase to the fees and charging (CCT) at the same rate as (APTS) still leaves a \$300,000 gap in revenue.

Existing customers may be able to receive a more competitive rate from private haulers who have a much larger market share to generate revenue and spread cost.