

**Council Auditor's Office
Contract Garbage Haulers Rate Review
Bills 2020-204, 2020-205, 2020-206**

	Rate Review Results			Administration Recommendation
	2020-204	2020-205		2020-206
Ordinance	Republic – SWS	Advanced – ADS	Waste Pro	Waste Pro
Contract Hauler	Expires 2021	Expires 2023	Expires 2023	Expires 2023
Term of Contract	76,951	73,889	77,220	77,220
Mid-Point Premise Count	\$10,859,258	\$7,803,754	\$11,985,122	\$11,985,122
Agreed Estimated FY 2019/20 Expense Before Interest & Taxes *	10.00%	17.50%	0.82%	10.00%
Mark-Up Rate on Expenses	\$1,089,694	\$1,364,390	\$98,266	\$1,200,970
Estimated FY 2019/20 Income Before Interest and Taxes	\$11,948,952	\$9,168,144	\$12,083,388	\$13,186,092
Projected Hauler Operating Revenue	\$12.25	\$10.53	\$12.86	\$12.86
Previous Base Rate at September 30, 2019	12.94	10.34	13.04	14.23
FY 2019/20 Proposed Monthly Per Premise Base Rate	\$0.69	(\$0.19)	\$0.18	\$1.37
Change in Monthly per Premise Base Rate	*Agree Estimated Expenses differ between haulers based on proximity to the landfill, types of equipment, and efficiencies of each hauler.			

Contract Hauler	FY 2019/20 Budget	Rate Review Results	Difference to Budget	Presented in Legislation	Different to Budget	Presented in Legislation	Difference to Rate Review
Republic / SWS	\$11,552,596	\$11,948,952	\$396,356	\$11,948,952	\$396,356	\$11,948,952	\$0
Advanced - ADS	9,587,490	9,168,144	(419,346)	9,168,144	(419,346)	9,168,144	0
Waste Pro	12,131,491	12,083,388	(48,103)	13,186,092	1,054,601	13,186,092	1,102,704
Totals	\$33,271,577	\$33,200,484	\$(71,903)	\$34,303,188	\$1,031,611	\$34,303,188	\$1,102,704

Concern: As discussed in the budget hearings last summer, the Solid Waste subfund is already fiscally challenged and has required loans from the General Fund/GSD to operate. The Administration Recommendation in bill 2020-206 (Waste Pro) will cost an additional \$1.1 million as compared to the results of the rate review process and abiding by the terms of the current contract as seen in the chart above. Because of fuel savings in the current year, the FY 2019/20 loan amount of \$12.7 million is projected to be sufficient to cover the costs of the proposed contracts. However, if the results of the rate review process and the terms of the current contract were followed, the GF/GSD loan could be reduced in the current year by \$1.1 million due to the anticipated fuel savings.