

Waste Collection Fee Increase

SUMMARY

The Waste Fund is a proprietary fund account for a business-type activity that is financed by fees or charges. This fund accounts for waste collection services provided by Waste Management, Trans-Jordan Landfill tipping fees to dispose all waste, as well as costs for spring/fall cleanup.

BACKGROUND

After a competitive bidding process in the fall of 2015, Sandy City entered into a four-year contract with Waste Management of Utah to provide automated household solid waste collection, household recycling, dumpster, and curbside leaf collection services. Sandy City has the option to extend the contract for up to two (2) additional two (2)-year terms with the concurrence of the contractor. The contract allows fee payments by the City to the Contractor to be adjusted annually based upon the average Consumer Price Index (CPI) for the previous 12 months.

For landfilling of solid waste, Sandy City is one of seven member cities who are owners and members of the Board of Directors to the Trans-Jordan Landfill. The Board oversees the management of the landfill and approves budgets for operations and capital improvements.

Included in the capital improvements plan is the planned site acquisition and construction costs for a future waste transfer station. Trans-Jordan Landfill's revenue to support its operations is determined by the gate fees charged for residential and commercial customers. The Board of Directors approves any changes to the fee schedule annually.

THE FACTS

- Waste Management's annual contract CPI is expected to increase by 3% or \$90,000 this fall.
- Trans-Jordan Landfill tipping fees for waste disposal have been at \$14/ton since 2014. This fee will increase to \$16/ton on July 1 to help pay for current operations and capital planning. The net impact to the Waste Fund will be \$114,313 annually.
- The national average for waste tipping per ton at a landfill is \$50. In the intermountain west, the average is \$35 - \$45/ton. Trans-Jordan member cities enjoy a member discount, even at \$16/ton.
- Sandy City's Waste Collection Fees were increased to \$13.45 in Fiscal Year 2013 to support Waste Fund requirements. The City intends to increase Waste Collection Fees \$1.00 per month effective July 1, 2018 from \$13.45 to \$14.45. This increase will be adequate to cover Waste Fund requirements for contract and service requirements for the next several years before another increase would be contemplated.