Minutes
Town of Lake Park, Florida
Commission Workshop Minutes
Wednesday, June 17, 2020, 6:00 PM
Via Zoom

The Town Commission met for the purpose of a Commission Workshop on Wednesday, June 17, 2020 at 6:00 p.m. Present were Mayor Michael O'Rourke, Vice-Mayor Kimberly Glas-Castro, Commissioners Erin Flaherty, John Linden, and Roger Michaud, Town Manager John O. D'Agostino, Attorney Thomas Baird, and Town Clerk Vivian Mendez.

Town Clerk Mendez performed the roll call and Vice-Mayor Glas-Castro led the pledge of allegiance.

SPECIAL PRESENTATION/REPORT:

1. Presentation of Results and Findings of the Sanitation/Solid-Waste Utility Rate Study with Future Rate Requirement Workshop.

Public Works Director Richard Scherle provided a brief summary of the item and welcomed Mr. Henry Thomas, Vice President of Raftelis Financial Consultants to present to the Commission (see Exhibit "A"). Discussion ensued regarding the presentation. Vice-Mayor Glas-Castro expressed concerns of operating in the next fiscal year with a \$200k deficit. Mr. Thomas explained the deficit based on the information provided by the Town of Lake Park. He explained that the adopted budget of 2019-2020 reflects a cash carry forward of approximately \$243k would be required to balance the Sanitation Fund. Mr. Thomas referred to slide number four of his presentation titled "Existing Conditions-FY2020 Budget" (see Exhibit "A"). Commissioner Linden questioned the need to have \$500k in reserves. Mr. Thomas explained that the amount of \$500k was a recommendation but that it was ultimately a policy decision of the Commission. Commissioner Linden questioned the possibility of conducting a cost benefit analysis. Public Works Director Scherle and Town Manager D'Agostino explained that cost benefit analysis had been previously conducted and presented to the Commission. Mayor O'Rourke asked for clarification of the reported services and sanitation rates for the Town of Jupiter and the City of Palm Beach Gardens. He suggested that the Town of Lake Park be compared to similarly situated municipalities. Town Manager D'Agostino asked Mr. Thomas to create a comparison of the rates for neighboring municipalities as related to once a week collection. Mr. Thomas explained that a comparison study could be completed. Discussion ensued, Mayor O'Rourke announced that the purpose of the Workshop was to modernize the sanitation fleet and provide efficient equipment and services. Commissioner Michaud questioned the need for a 12.5% rate increase. Mr. Thomas explained the percentage increase with respect to annual fees and debts of the Reserve and Sanitation Funds. Mayor O'Rourke questioned if there was an inexpensive alternative to purchasing the new equipment. Public Works Director Scherle answered, "No." and explained that certain vehicles within the current fleet were 12-15 years old. He explained that expensive repairs and maintenance were conducted on a regular basis. He explained the purpose of each vehicle and importance of upgrading the fleet. Vice-

Mayor Glas-Castro questioned if the new recycling canisters would allow for the combination of paper, glass, and aluminum. Public Works Director Scherle answered, "No." and explained that items would need to be separated. He explained that Palm Beach County does not allow single-stream recycling. Vice-Mayor Glas-Castro expressed concerns regarding the aesthetics of a third canister. Public Works Director Scherle explained that the alternative would be to keep the current recycling bins and privatize services. He explained that the privatization of recycling services would cost approximately $24k-$25k per month. Vice-Mayor Glas-Castro suggested postponing the recycling discussion to a future meeting.

Mayor O'Rourke thanked Mr. Thomas for his presentation. Mr. Thomas explained that he would remove Dade County Utilities from the presented comparisons.

PUBLIC COMMENT: None

TOWN ATTORNEY, TOWN MANAGER, COMMISSIONER COMMENTS:

Town Attorney Baird had no comments.

Town Manager D'Agostino had no comments.

Commissioner Linden had no comments.

Commissioner Michaud had no comments.

Commissioner Flaherty had no comments.

Vice-Mayor Glas-Castro had no comments.

Mayor O'Rourke had no comments.

ADJOURNMENT

There being no further business to come before the Commission the meeting adjourned at 7:43 p.m.

Mayor Michael O'Rourke

Town Clerk, Vivian Mendez, MMC

Deputy Town Clerk, Shaquita Edwards

TOWN OF LAKE PARK
Town Seal
SEAL
FLORIDA

Approved on this 1st of July, 2020

Exhibit "A"

Town of Lake Park Town Commission

Agenda Request Form

Meeting Date: June 17, 2020 **Agenda Item No.** Tab 1

Agenda Title: Presentation of Results and Findings of the Sanitation/Solid-Waste Utility Rate Study with Future Rate Requirement Workshop.

[X] SPECIAL PRESENTATION/REPORTS [ ] CONSENT AGENDA
[ ] BOARD APPOINTMENT [ ] OLD BUSINESS
[ ] PUBLIC HEARING ORDINANCE ON ____ READING
[ ] NEW BUSINESS
[ ] OTHER: ______________________

Approved by Town Manager ______________ **Date:** 6-5-2020

June 5, 2020

Richard Scherle / Public Works Director

Originating Department: Public Works	**Costs: N/A** Funding Source: N/A Acct. N/A [ ] Finance 6/5/2020	**List of Exhibits:** **1. Transmittal Letter from Henry Thomas of Raftelis Financial Consultants.** **2. Powerpoint Presentation Slides Prepared by Raftelis Financial Consultants**
Advertised: Date: Paper: [X] Not Required	All parties that have an interest in this agenda item must be notified of meeting date and time. The following box must be filled out to be on agenda.	Yes I have notified everyone_______ or **Not applicable in this case ____** **Please initial one.**

Summary Explanation/Background:

At the March 18, 2020 Regular Commission Meeting, the Commission approved a contract with Raftelis Financial Consultants, Inc. to perform an in-depth financial analysis of the Town's sanitation/solid waste fund. The solid waste operation is a highly capital intensive operation, with expensive equipment, facility and personnel needs that are expected to continue growing. Adequate revenues are crucial for continued, effective operations.

The Town has gone five years without any rate increases for sanitation services. This has been accomplished primarily by reliance on fund balance to fund equipment procurements, and also by partially deferring some expensive equipment purchases. The Town's recent lease/purchase of two new sanitation trucks was completed on an emergency basis due to unplanned catastrophic failure of two very old trucks in 2019, and these procurements were enabled by reliance on fund balance.

Tonight's presentation and workshop is to provide a summary of the results of the extensive financial analysis performed by Raftelis Financial Consultants, Inc. Attached to this agenda item are two items: 1) transmittal letter from Henry Thomas of Raftelis Financial Consultants, Inc., which provides an executive summary of the results of the financial review; and 2) slides of presentation which will be given by Mr. Thomas, during which he and staff will discuss the study and its primary findings. All recommendations and conclusions are included in the attachments to this agenda form.

Recommended Motion: N/A

TOWN OF LAKE PARK, FLORIDA

SANITATION RATE STUDY

June 2, 2020

RAFTELIS

RAFTELIS

June 2, 2020

Mr. Richard Scherle
Director of Public Works
Town of Lake Park
535 Park Avenue
Lake Park, Florida 33403

Subject: **Sanitation Rate Study**

Dear Mr. Scherle:

Raftelis Financial Consultants Inc.("Raftelis") has completed the study of the sanitation system (the "System") financial plan and rates for the Town of Lake Park, Florida (the "Town"), and has summarized the results in this letter report your consideration. This report summarizes the financial plan for Fiscal Year 2021 through Fiscal Year 2025 (the "Study Period") and proposed rate adjustments for the same period. The purpose of this study was to:

- Identify the ability of revenues derived from the current charges for sanitation service and ongoing operations of the System to fund the projected expenditures and necessary transfers;
- Provide recommended rates to recover the projected expenditures of the System;
- Provide an evaluation of the overall financial position and cash balances of the System; and
- Develop a financial plan in conjunction with Town staff to promote and maintain long-term rate sustainability to meet the funding goals and objectives of the System.

To develop the proposed sanitation system financial plan and rates, we have relied upon certain information and data provided by the Town including the Town's comprehensive annual financial reports ("CAFR"), the proposed Fiscal Year 2020 operating budget, estimated capital expenditures, customer statistics, periodic reports, records of operation, and other information and data provided by the Town. To the extent we have performed our analyses using certain data and information obtained from the Town in the preparation of this report, we have relied upon such information to be accurate and no assurances are intended, and no representation or warranties are made with respect thereto or the use made herein.

CONCLUSIONS AND RECOMMENDATIONS

Based on our studies, assumptions, considerations, and analyses as summarized herein, we are of the opinion that:

1. The Town's existing rates for sanitation service are not anticipated to be sufficient to recover the projected system costs for the Study Period.

2. In order to meet the projected revenue requirements of the System, it is recommended that the Town consider rate adjustments of twelve and one-half percent (12.5%) for Fiscal Year 2021 followed by adjustments of six percent (6%) per year for Fiscal Years 2022 through 2025.

3. Property value enhancement due to the collection and disposal of solid waste due to elimination of health hazards, promotion of cleanliness and safety, and aesthetics should exceed the overall cost of the assessments. Therefore, the service represents a special benefit.

4. Proportionality of the assessments upon benefitted properties, as previously established in Resolution No. 20-07-14, has been preserved.

5. The proposed Fiscal Year 2021 residential rates are below average with rates charged by neighboring communities. However, there can be significant differences in the level of service provided that account for such differences in rates among neighboring communities.

6. The Town should periodically review the adequacy of sanitation rates over the course of the Study Period to ensure revenue sufficiency in years subsequent to Fiscal Year 2021.

We appreciate the opportunity to be of service to the Town and would like to thank the Town's staff for their valuable assistance and cooperation during this study.

Respectfully submitted,

Raftelis Financial Consultants, Inc.

Henry L. Thomas

Henry L. Thomas
Vice President

HLT
Attachments

TOWN OF LAKE PARK, FLORIDA

SANITATION RATE STUDY

INTRODUCTION

Raftelis Financial Consultants, Inc. ("Raftelis") was tasked with the preparation of a five-year financial forecast of the Town of Lake Park's Sanitation System (the "System") encompassing Fiscal Years 2021 through 2025 (the "Study Period"). This report, which should be read in its entirety, provides a summary of customer and financial trends, study methodology, principal assumptions, findings, and recommendations, and an overview of the projected financial position of the Town of Lake Park's (the "Town") Sanitation Division. The rate recommendations of this study are based on the financial projections developed for the System.

EXISTING SERVICE AND RATES

The Town provides solid waste collection service to residential customers and commercial properties within the Town. Customers receiving can service receive twice weekly garbage, once weekly recycling, and bulk waste collection. Customers receiving container (i.e., dumpster) service have a variety of options regarding container size and collection frequency. Sanitation services are billed annually as a non-ad valorem assessment. Below are the Town's existing rates for residential sanitation service, which have not been adjusted since Fiscal Year 2014.

Existing Annual Rates for Residential Sanitation Service

Service Type	Existing Rate
Single-Family	$215.49
Mobile Home	$215.49
Multi-Family per Unit (less than 5 Units)	$215.49
Multi-Family per Unit (greater than 4 Units)	$145.93

Below are the Town's existing sanitation rates for commercial dumpster service.

Existing Commercial Dumpster Rates

Cubic Yards	Once/Week	Twice/Week	Three Times/Week	Four Times/Week	Five Times/Week
0.5	18.54	37.09	55.63	74.18	92.72
2.0	74.21	148.41	222.61	296.83	371.04
3.0	111.31	222.61	333.92	445.22	556.53
4.0	148.41	296.83	445.22	593.66	742.07
6.0	222.61	445.22	667.83	890.44	1,113.06
8.0	296.83	593.66	890.49	1,187.32	1,484.15

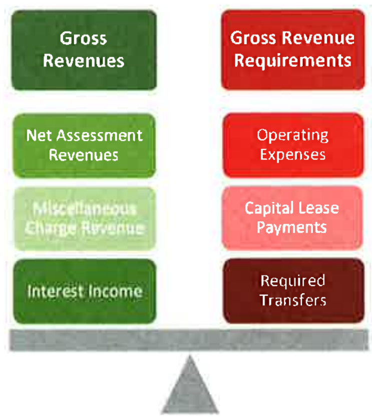
REVENUE PROJECTIONS

For Fiscal Year 2020, the Town billed revenues of approximately $1,682,000 in sanitation rate revenue. This amount is budgeted at 95% of anticipated assessment levels to reflect the discount for early tax payment per Florida Statutes, Chapter 197.162 and tax collector fees. Based on discussions with Town staff, the service area is essentially built out and therefore, it is not projected that the Town will incur any customer growth, residential or commercial, throughout the Study Period. As a result, it is projected that solid waste collection revenues will be approximately $1,682,000 per year for the Study Period at existing rates.

REVENUE REQUIREMENTS

The various components of cost associated with operating and maintaining a municipally owned sanitation system, as well as the cost of financing the renewal and replacement of vehicles and equipment, are generally referred to as the cash revenue requirements. The sum of these cost components, after adjusting for other income and other operating revenues available to the System, represents the net revenue requirements to be recovered from sanitation rates.

Figure 1. Net Revenue Requirements



The projected revenue requirements include the various generalized cost components described below:

- Operating Expenses: Includes the cost of disposal service, labor and personnel related costs, contractual services, vehicle and fleet maintenance, utilities, operating supplies, equipment repairs and maintenance, indirect cost allocation of certain General Fund expenses and other items necessary for the provision of sanitation services.

- Other Revenue Requirements: Includes, in general, any recurring capital improvements to be financed from revenues such capital lease payments for replacement vehicles and transfers to cash reserves if necessary, to establish and maintain minimum operating reserve cash balances.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

The projected cash revenue requirements, as shown on Table 1 1reflect certain assumptions, considerations, and analyses. The major assumptions, considerations and analyses that are included in the development of the projected revenue requirements for the Study Period are as follows:

1. The Fiscal Year 2020 operating budget provided by the Town served as the basis for the expenditure projections set forth herein. Unless otherwise noted, the underlying assumptions and expenditure amounts included in the operating budgets are assumed to be reasonable and

reflect anticipated operations. Such budgetary amounts are incorporated into the revenue requirement component of the study, except for adjustments and assumptions as noted hereunder.

2. Projected revenues from existing solid sanitation rates are based on the schedule of rates in effect as of the date of this report, which have not been adjusted since Fiscal Year 2014.

3. The operations and maintenance expenses budgeted for Fiscal Year 2020 for sanitation service are projected for the remaining four (4) years of the Study Period using various escalation factors. These escalation factors and the resulting operating cost projections are shown on Tables 2 and 3, respectively. The projected operating expenses were developed for the Study Period as follows:

    a. Based on discussions with the Town staff, labor- and personnel-related costs other than health insurance are projected to increase 3.5% annually. The cost of employee health insurance paid by the Village is escalated by 8.0% annually to reflect higher increases, compared to general labor escalation, in insurance costs over the next several years.

    b. Budgeted Fiscal Year 2020 operating expenses such as operating supplies, training and travel are projected to increase from current budgetary levels at an annual rate of inflation of approximately 2.5%. The forecast of inflation was based upon Consumer Price Index for All Urban Consumers ("CPI") forecasts prepared by the Congressional Budget Office ("CBO") as contained in "The Budget and Economic Outlook: 2020 to 2030" report and was published in January 2020.

    c. The cost of sanitation vehicle and equipment repairs are projected to increase by 5.0% annually based on recent historical expenditure discussions with Town staff.

    d. The Town disposes of waste at facilities owned by Palm Beach County Solid Waste Authority and is charged disposal fees. Disposal fees charged for the disposal of solid waste currently account for approximately 12.1% of total System operating expenses and are projected to increase 3.0% annually.

4. The projected capital expenditures for the sanitation system are based on vehicle replacements plans provided by Town staff. The plan assumes that the unit cost of new replacement vehicles is projected to increase in cost by 3.0% per year. The System is projected to spend $360,000 per year on average for vehicle and equipment replacement. Table 4 sets forth the projected capital expenditures. It is assumed that expenditures for vehicle replacements are financed through capital leases. The projected expenditure for recycling carts of $135,000 is assumed to be financed with an internal loan from the Town's general fund to be repaid over five years.

5. The Fiscal Year 2021 revenue requirements includes transfers to the Town's general fund of approximately $455,000 to cover the System's allocated administrative overhead costs. Based on discussions with staff, these indirect cost transfers are projected to increase at 3% annually throughout the Study Period.

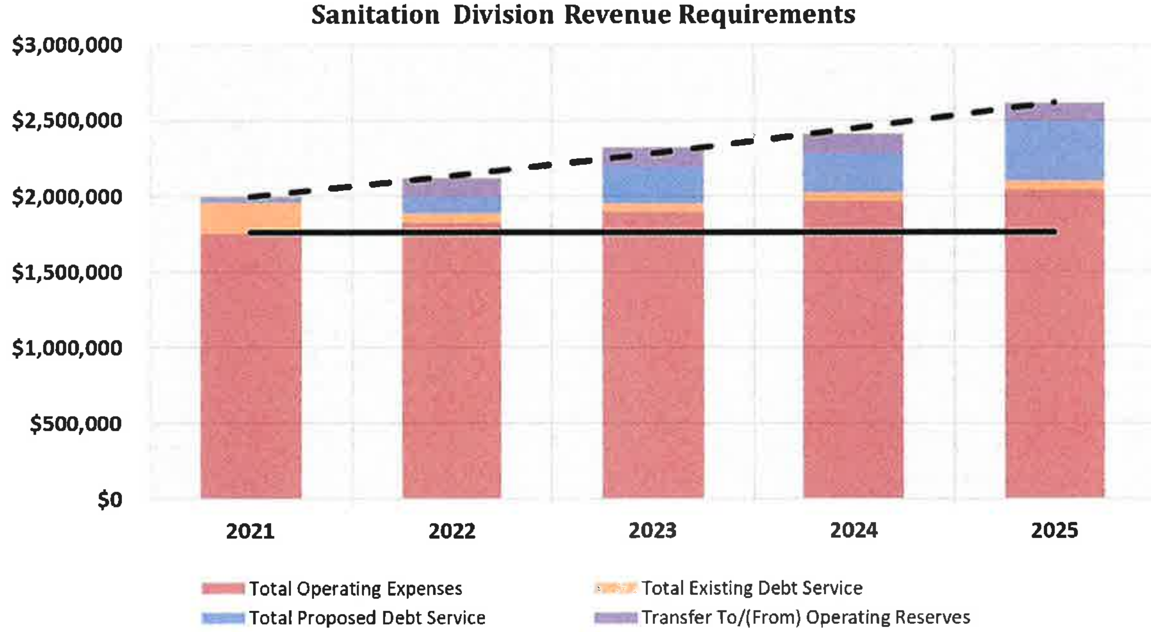
6. The sanitation system should have adequate cash reserves in order to meet day-to-day funding needs as well as to cover any unexpected fluctuations in expenditures. Based on discussions with Town staff, a minimum fund balance equal to 90 days operating revenues or $500,000 is targeted to be achieved during the Study Period.

7. Amounts associated with depreciation and amortization expenses have not been recognized in this analysis. While a component of the enterprise fund's income statement, these expenditures are non-cash in nature and are not considered as revenue requirements for rate-making purposes under a publicly-owned utility system basis (publicly-owned utilities' rates are based on a cash expenditure basis). Therefore, such depreciation amounts have not been recognized as revenue requirements to be recovered from rates for the Study Period. Summary of Net Revenue Requirements

Based upon the assumptions used to prepare the System's financial forecast regarding operating expenses, capital requirements, general fund transfers, and rate increases, the projected net revenue requirements of the System that are estimated to be recovered from user rates are summarized on Figure 2.

Figure 2

Sanitation Division Revenue Requirements



As can be seen on Figure 2, the projected net revenue requirements estimated to be recovered from sanitation rates for the Study Period are anticipated to increase from $1,895,154in Fiscal Year 2021 to $2,428,932 in Fiscal Year 2025, which is an increase of approximately 6.0 per year. The primary reasons for these increases are: i) projected inflationary increases in operating and vehicle replacement expenditures; and ii) increased disposal fees.

ADEQUACY OF SANITATION RATE REVENUES

Based on the forecast of revenues and revenue requirements for the sanitation system and the assumptions and considerations set forth herein with respect to the estimation of System net revenue requirements, the System-wide rate adjustments are projected as follows:

Proposed Rate Adjustments

Fiscal Year	Percent	Amount
2021	12.5.%	$210,275
2022	6.0%	$113,549
2023	6.0%	$120,361
2024	6.0%	$127,583
2025	6.0%	$135,238

The proposed residential rates for Fiscal Year 2021 are summarized as follows:

Proposed Annual Rates for Residential Sanitation Service

Service Type	Existing Rate
Single-Family	$242.43
Mobile Home	$242.43
Multi-Family per Unit (less than 5 Units)	$242.43
Multi-Family per Unit (greater than 4 Units)	$164.17

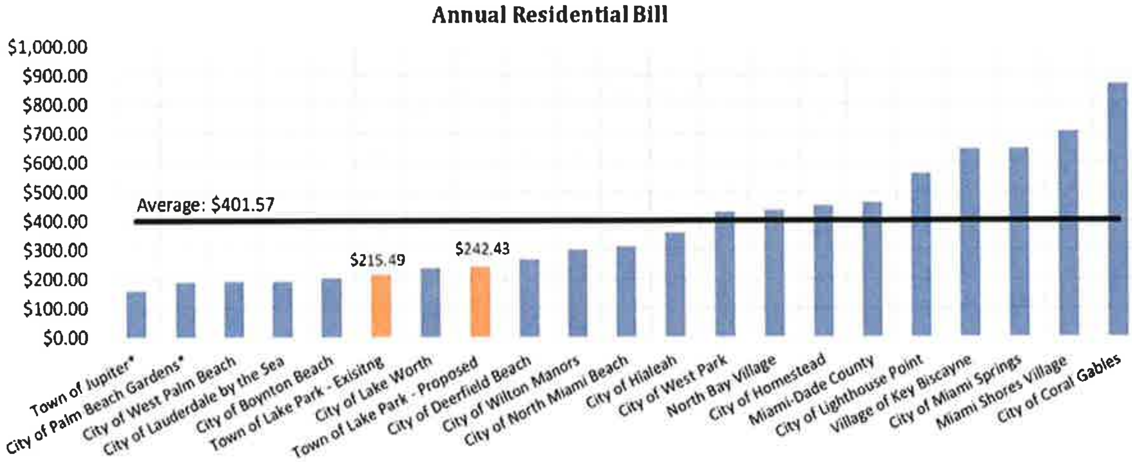
The proposed sanitation rates for commercial dumpster service for Fiscal Year 2021 are as follows:

Proposed Commercial Dumpster Rates

Cubic Yards	Once/Week	Twice/Week	Three Times/Week	Four Times/Week	Five Times/Week
0.5	$20.86	$41.73	$62.58	$83.45	$104.31
2.0	$83.49	$166.96	$250.44	$333.93	$417.42
3.0	$125.22	$250.44	$375.66	$500.87	$626.10
4.0	$166.96	$333.93	$500.87	$667.87	$834.83
6.0	$250.44	$500.87	$751.31	$1,001.75	$1,252.19
8.0	$333.93	$667.87	$1,001.80	$1,335.74	$1,669.67

Sanitation Rate Comparisons

In order to provide additional information regarding the Town's proposed sanitation system rates, a comparison of the proposed single-family residential rates for the Town and those charged by other neighboring solid waste systems was prepared. As shown below, sanitation bills under the proposed Fiscal Year 2021 single-family residential rates are below average when compared to the surveyed neighboring communities' average. Reasons for differences among rates may be due to: i) the types and frequency of waste collection; ii) whether a system has automated collection service; iii) the fuel source for the vehicles; iv) disposal options and fees; v) density of the service area; and vi) the age of fleet and facilities.



*Served by Private Hauler

CONCLUSIONS AND RECOMMENDATIONS

Based on our studies, assumptions, considerations, and analyses as summarized herein, we are of the opinion that:

1. The Town's existing rates for solid waste collection service are not projected to be sufficient to recover the projected System costs for the Study Period.

2. In order to meet the projected revenue requirements of the System, it is recommended that the Town consider a rate increase of twelve and one-half percent 12.5%) for Fiscal Year 2021 followed by adjustments of six percent (6%) annually for Fiscal Years 2022 through 2025.

3. Property value enhancement due to Town's provision of sanitation services due to elimination of health hazards, promotion of cleanliness and safety, and aesthetics should exceed the overall cost of the assessments. Therefore, the service represents a special benefit.

4. Proportionality of the assessments upon benefitted properties, as previously established in Resolution No. 20-07-14, has been preserved.

5. The proposed Fiscal Year 2021 residential rates are below average with rates charged by neighboring communities. However, there can be significant differences in the level of service provided that account for such differences in rates among neighboring communities.

6. The Town should periodically review the adequacy of sanitation rates over the course of the Study Period to ensure revenue sufficiency in years subsequent to Fiscal Year 2021.

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TOWN OF LAKE PARK, FLORIDA

SANITATION RATE STUDY

LIST OF TABLES

Table 1
Village of Lake Park, FL
Sanitation Utility Rate Study

Projected Solid Waste System Revenue Requirements

Line No.	Description	2020	2021	2022	2023	2024	2025
		Projected Fiscal Year Ending September 30,					
	Operating Expenses						
1	Total Operating Expenses	$1,672,909	$1,653,999	$1,725,207	$1,790,921	$1,859,434	$1,930,727
	Debt Service Payments: [2]						
	Existing Debt						
2	Existing Debt	$327,747	$207,130	$63,654	$63,654	$63,654	$63,654
3	Total Existing Debt Service Payments	$327,747	$207,130	$63,654	$63,654	$63,654	$63,654
	Proposed Debt Service: [3]						
4	Capital Lease 1	$0	$75,293	$75,293	$0	$0	$0
5	Capital Lease 2	0	0	0	133,965	133,965	133,965
6	Capital Lease 3	0	0	0	0	91,427	91,427
7	Capital Lease 4	0	0	0	0	0	131,678
8	Internal Loan - Carts	$0	$23,386	$31,182	$31,182	$31,182	$31,182
9	Capital Lease 5	0	0	0	0	0	0
10	Total Proposed Debt Service Payments	$0	$98,679	$106,474	$165,147	$256,574	$388,251
11	Total Debt Service Payments	$327,747	$305,809	$170,128	$228,801	$320,228	$451,905
	Other Revenue Requirements:						
12	Transfer to General Fund [4]	$260,000	$0	$0	$0	$0	$0
13	Transfer to Capital / R&R Fund	0	0	0	0	0	0
14	Transfer To/(From) Operating Reserves [5]	(243,000)	0	125,000	125,000	125,000	125,000
15	Total Other Revenue Requirements	$17,000	$0	$125,000	$125,000	$125,000	$125,000
16	Gross Revenue Requirements	$2,017,656	$1,959,808	$2,020,335	$2,144,722	$2,304,662	$2,507,632
	Less Income and Funds from Other Sources:						
17	Other Operating Revenue [6]	$71,500	$71,500	$71,500	$71,500	$71,500	$71,500
18	Interest Income [7]	7,200	7,200	7,200	7,200	7,200	7,200
19	Transfer from Operating Reserves	0	0	0	0	0	0
20	Additional Item 1	0	0	0	0	0	0
19	Total Other Revenues	$78,700	$78,700	$78,700	$78,700	$78,700	$78,700
20	Net Revenue Requirements	$1,938,956	$1,881,108	$1,941,635	$2,066,022	$2,225,962	$2,428,932
	Revenue from Solid Waste Rates:						
21	Collection Revenue from Exisitng Rates [8]	$1,682,200	$1,682,200	$1,682,200	$1,682,200	$1,682,200	$1,682,200
22	Prior Year Rate Adjustments	0	0	210,275	323,824	444,185	571,768
23	Collection Revenue Before Current Year Adjustments	$1,682,200	$1,682,200	$1,892,475	$2,006,024	$2,126,385	$2,253,968
24	Revenue Surplus / (Deficiency)	(256,756)	(198,908)	(49,160)	(59,998)	(99,577)	(174,964)
25	Percent of Current Year Rate Revenue	-15.26%	-11.82%	-2.60%	-2.99%	-4.68%	-7.76%
	Current Year Rate Adjustments						
26	Current Year Rate Adjustment	0.00%	12.50%	6.00%	6.00%	6.00%	6.00%
27	Effective Month	Oct.	Oct.	Oct	Oct	Oct.	Oct.
28	% of Current Year Effective	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
29	Total Revenue from Current Year Adjustments	$0	$210,275	$113,549	$120,361	$127,583	$135,238
30	Collection Revenue After Rate Adjustments	$1,682,200	$1,892,475	$2,006,024	$2,126,385	$2,253,968	$2,389,206
31	**Total Revenue After Rate Adjustments**	$1,682,200	$1,892,475	$2,006,024	$2,126,385	$2,253,968	$2,389,206
32	**Revenue Surplus/(Deficiency)**	($256,756)	$11,367	$64,388	$60,363	$28,006	($39,726)
33	**Percent of Rate Revenues**	-15.26%	0.60%	3.21%	2.84%	1.24%	-1.66%

Table 2
Town of Lake Park, FL
Sanitation Utility Rate Study

Summary of Projected Escalation Factors

Line No.	Description	Escalation Reference	Fiscal Year Ending September 30, 2021	2022	2023	2024	2025	2026	2027	2028	2029
	Expense and Revenue Factors										
1	General Inflation (CPI) [1]	Inflation	1.0240	1.0260	1.0250	1.0250	1.0240	1.0240	1.0240	1.0240	1.0240
2	Labor and Benefits [2]	Labor	1.0300	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350	1.0350
3	Contractual Services	Contractual	1.0240	1.0240	1.0240	1.0240	1.0240	1.0240	1.0240	1.0240	1.0240
4	Health Insurance [2]	Health-Ins	1.0500	1.0800	1.0800	1.0800	1.0800	1.0800	1.0800	1.0800	1.0800
5	Repair and Maintenance [2]	Repair	1.0500	1.0500	1.0500	1.0500	1.0500	1.0500	1.0500	1.0500	1.0500
6	Constant	Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
7	Eliminate	Eliminate	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
8	Tipping Fees	Disposal	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300
	Cumulative Capital Factors [3]										
9	Inflation	Inflation	1.0000	1.0260	1.0520	1.0780	1.1040	1.1300	1.1570	1.1850	1.2130
10	No Assumed Escalation	None	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
11	Capital Outlay	Outlay	1.0000	1.0350	1.0710	1.1080	1.1470	1.1870	1.2290	1.2720	1.3170
12	ENR Index	ENR	1.0000	1.0300	1.0610	1.0930	1.1260	1.1600	1.1950	1.2310	1.2680
13	Marginal Increase	Marginal	1.0000	1.0100	1.0200	1.0300	1.0400	1.0500	1.0610	1.0720	1.0830
14	Vehicles [2]	Vehicle	1.0000	1.0800	1.1660	1.2590	1.3600	1.4690	1.5870	1.7140	1.8510

Table 3
Town of Lake Park, FL
Sanitation Utility Rate Study

Projection of Solid Waste Operating Expenses

Line No.	Description	Adjusted 2020	Escalation Reference	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Fiscal Year Ending September 30,								
	Solid Waste Utility Operating Expenses											
	Personnel Services:											
1	Regular Salaries and Wages Salaries	$371,963	Labor	$384,683	$398,147	$412,082	$426,505	$441,433	$456,883	$472,874	$489,424	$506,554
2	Overtime	10,000	Labor	11,500	11,903	12,319	12,750	13,197	13,658	14,136	14,631	15,143
3	Reclassified Wages	125,226	Eliminate	0	0	0	0	0	0	0	0	0
4	Opt Out Payment	4,728	Labor	4,728	4,893	5,065	5,242	5,425	5,615	5,812	6,015	6,226
5	Payroll Taxes Employer FICA and Medicare	28,059	Labor	30,311	31,372	32,470	33,606	34,783	36,000	37,260	38,564	39,914
6	Retirement Contributions	26,222	Labor	25,767	26,669	27,602	28,568	29,568	30,603	31,674	32,783	33,930
7	Retirement Contributions Town Match	10,758	Labor	11,493	11,895	12,312	12,742	13,188	13,650	14,128	14,622	15,134
8	Health Insurance	86,291	Health-Ins	105,775	114,237	123,376	133,246	143,906	155,418	167,852	181,280	195,782
9	Health Insurance - Dental and Vision	3,924	Health-Ins	3,576	3,862	4,171	4,505	4,865	5,254	5,675	6,129	6,619
10	Life Insurance	1,014	Health-Ins	1,047	1,131	1,221	1,319	1,424	1,538	1,661	1,794	1,938
11	Disability Insurance	2,878	Labor	3,439	3,559	3,684	3,813	3,946	4,084	4,227	4,375	4,529
12	Workers Compensation	20,228	Labor	20,228	20,936	21,669	22,427	23,212	24,025	24,865	25,736	26,636
13	Total Personnel Services	$691,291		$602,547	$628,604	$655,971	$684,724	$714,948	$746,730	$780,165	$815,354	$852,405
	Operating Expenses:											
14	Disposal Services- Garbage	$234,000	Disposal	$241,020	$248,251	$255,698	$263,369	$271,270	$279,408	$287,790	$296,424	$305,317
15	Administrative Fee	145,000	Eliminate	0	0	0	0	0	0	0	0	0
16	Contract Services	26,080	Labor	26,862	27,803	28,776	29,783	30,825	31,904	33,021	34,176	35,373
17	Travel and Per Diem - Travel	500	Inflation	512	525	538	552	565	579	593	607	621
18	Telephone	2,400	Inflation	2,458	2,521	2,585	2,649	2,713	2,778	2,845	2,913	2,983
19	Freight and Postage Services - Postage	1,500	Inflation	1,536	1,576	1,615	1,656	1,695	1,736	1,778	1,820	1,864
20	Rentals	7,400	Inflation	7,578	7,775	7,969	8,168	8,364	8,565	8,771	8,981	9,197
21	Capital Leases	5,432	Constant	5,432	5,432	5,432	5,432	5,432	5,432	5,432	5,432	5,432
22	Utility Services - Recycling	0	Disposal	0	0	0	0	0	0	0	0	0
23	Insurance - ISF: Risk Management	26,514	Inflation	27,150	27,856	28,553	29,266	29,969	30,688	31,425	32,179	32,951
24	Repair and Maintenance Services - ISF: Fleet Maintenance	82,192	Repair	86,302	90,617	95,148	99,905	104,900	110,145	115,652	121,435	127,507
25	Repair and Maintenance Services - Parts and Supplies	89,200	Repair	93,660	98,343	103,260	108,423	113,844	119,537	125,513	131,789	138,378
26	Repair and Maintenance Services - Repairs and Maintenance	0	Repair	0	0	0	0	0	0	0	0	0
27	Printing and Binding	0	Inflation	0	0	0	0	0	0	0	0	0
28	Advertising	4,000	Inflation	4,096	4,202	4,308	4,415	4,521	4,630	4,741	4,855	4,971
29	Uniforms	4,400	Inflation	4,506	4,623	4,738	4,857	4,973	5,093	5,215	5,340	5,468
30	Office Supplies - Office Supplies	300	Inflation	307	315	323	331	339	347	356	364	373
31	Operating Supplies	4,200	Repair	4,410	4,631	4,862	5,105	5,360	5,628	5,910	6,205	6,516
32	Fuel	51,000	Inflation	52,224	53,582	54,921	56,294	57,645	59,029	60,446	61,896	63,382
33	Small Tools	2,500	Inflation	2,560	2,627	2,692	2,760	2,826	2,894	2,963	3,034	3,107
34	Containers	35,000	Inflation	35,840	45,000	46,125	47,278	48,413	49,575	50,765	51,983	53,230
35	Training	0	Inflation	0	0	0	0	0	0	0	0	0
36	Total Operating Expenses	$721,618		$596,452	$625,678	$647,543	$670,244	$693,656	$717,967	$743,213	$769,434	$796,670
	Other Operating Uses:											
37	Indirect Cost Allocation - General Fund Expense	$260,000	Labor	$455,000	470,925	487,407	504,467	522,123	540,397	559,311	578,887	599,148
38	Total Other Nonoperating Uses - Proprietary Funds	$260,000		$455,000	$470,925	$487,407	$504,467	$522,123	$540,397	$559,311	$578,887	$599,148
39	**Total Sanitation Fund**	$1,672,909		$1,653,999	$1,725,207	$1,790,921	$1,859,434	$1,930,727	$2,005,094	$2,082,689	$2,163,675	$2,248,223
40	**Total Adjusted Solid Waste Fund**	$1,672,909		$1,653,999	$1,725,207	$1,790,921	$1,859,434	$1,930,727	$2,005,094	$2,082,689	$2,163,675	$2,248,223

Table 4
Town of Lake Park, FL
Sanitation Utility Rate Study

Capital Improvement Program Funding Plan [1]

Line No.	Description	Escalation Reference	Funding Source	Adjusted 2020	Fiscal Year Ending September 30, 2021	2022	2023	2024	2025	2026	2027	2028	2029	10-Year Total
	CAPITAL IMPROVEMENT PLAN													
1	Dumpster Enclosure	Vehicle	Operating	$5,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,000
2	Clam Shell	Vehicle	Senior1	0	140,000	0	0	0	0	0	0	0	0	140,000
3	Clam Shell	Vehicle	Sub.2	0	0	0	0	0	160,000	0	0	0	0	160,000
4	Front End Loader	Vehicle	Senior2	0	0	290,000	0	0	0	0	0	0	0	290,000
5	Front End Loader	Vehicle	Senior4	0	0	0	0	308,000	0	0	0	0	0	308,000
6	Automated Side Loader	Vehicle	Senior2	0	0	290,000	0	0	0	0	0	0	0	290,000
7	Automated Side Loader	Vehicle	Senior4	0	0	0	0	308,000	0	0	0	0	0	308,000
8	Rear Loader	Vehicle	Senior3	0	0	0	170,000	0	0	0	0	0	0	170,000
9	Carts	Vehicle	Sub.1	0	0	135,000	0	0	0	0	0	0	0	135,000
10	Additional Capital Replacements	Vehicle	Rates	0	0	0	0	0	0	0	0	0	0	0
11		ENR	Rates	0	0	0	0	0	0	0	0	0	0	0
12		Vehicle	Rates	0	0	0	0	0	0	0	(5,500)	(41,500)	(81,500)	(128,500)
13	Additional Capital Replacements (Split Funding) [2]	Vehicle	Operating	0	0	0	0	0	0	0	5,500	41,500	81,500	128,500
						0								
	Subtotal Capital Improvement Plan			$5,000	$140,000	$715,000	$170,000	$616,000	$160,000	$0	$0	$0	$0	$2,119,200
	Additional Capital Outlay	None	Rates	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	**TOTAL CAPITAL IMPROVEMENT PLAN**			$5,000	$140,000	$715,000	$170,000	$616,000	$160,000	$0	$0	$0	$0	$2,119,200

Presentation to
Town of Lake Park, Florida

SANITATION
UTILITY RATE STUDY

Presented by:

RAFTELIS

Agenda

- Study Goals and Purpose
- Existing Operating Conditions
- Revenue Assumptions
- System Revenue Requirements
- Projected Rate Adjustments

Sanitation Utility Rate Study

- Purpose and Goals
  - Develop a five-year financial forecast through Fiscal Year 2025
  - Ensure adequate funding of operations and replacement of vehicles and equipment
  - Identify the need for rate adjustments during the study period

Existing Conditions – FY2020 Budget

System Revenues	$1,760,900
System Operating Expenses	$1,412,907[1]
Debt Service	$ 327,747
Transfer to General Fund	$ 260,000
Surplus/(Deficiency)	$ (239,745)[1]

[1] Amount shown is net of depreciation expense and capital outlay.
[2] Amount funded from Cash Carry forward used to purchase two new garbage trucks.

- System is projected to have approximately $0 in cash reserves as of September 30, 2020

Revenue Assumptions

- No new customer growth assumed
  - Approximately $1,682,000 in net rate revenue after early payment discount and tax collector fees
  - Historical rate revenues have been fairly consistent
- Other revenues include miscellaneous charges and interest income

Projected Operating Expenses

- Operating expenses projected based on the revised Fiscal Year 2020 budget
  - FY2021 Includes $403,496 transfer to the General Fund for Indirect Cost Allocation
  - Projected labor costs reflect proposed FY2021 personnel services costs and include a 3.5% annual increase in direct labor costs thereafter
  - Amounts reflect a 3% increase in disposal costs
  - Amounts do not include a contingency allowance
  - Expenses projected to increase approximately 4.0% per year on average

Escalation Factors

General Inflation
Average 2.5%

Labor
3.5%

Health Insurance
8.0%

Disposal Fees
3.0%

Fuel
2.5%

Repair
5.0%

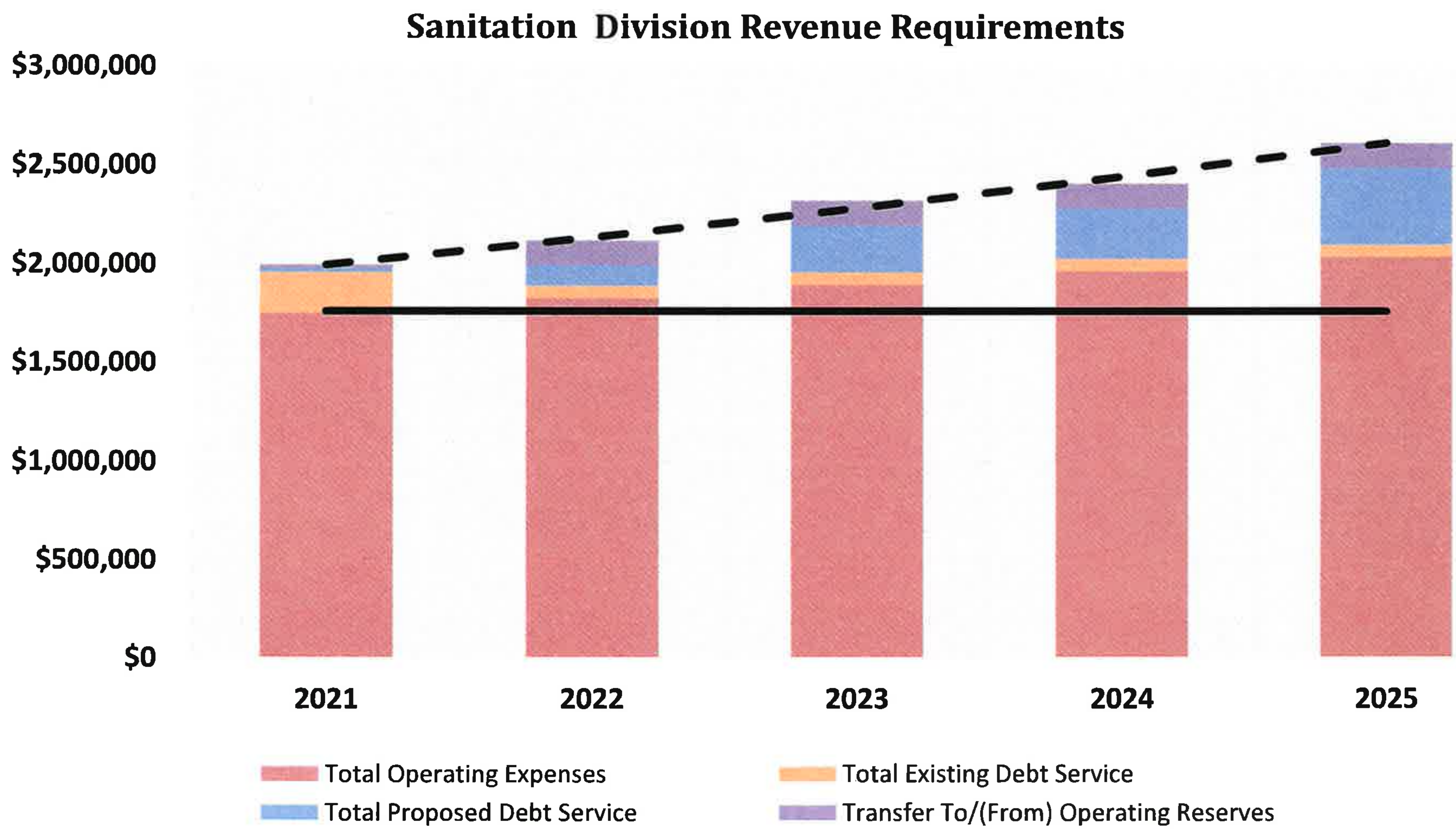
Projected Capital Expenditures

- Capital Improvement Plan for Fiscal Years 2021-2025:
  - 2 Front End Loaders
  - 2 Clam Shells
  - 2 Automated Side Loaders
  - 1 Rear Loader
  - Carts
- Total capital funding of $1,801,000 or annual average funding need of approximately $360,000 per year

Reserve Fund Balances

- As of September 30, 2020, Sanitation Division is projected to have no cash reserves
- Study assumes a target reserve fund balance of ninety days of operating expenses or approximately $500,000 by FY2025
- The proposed rates achieve the target balances over the Forecast Period

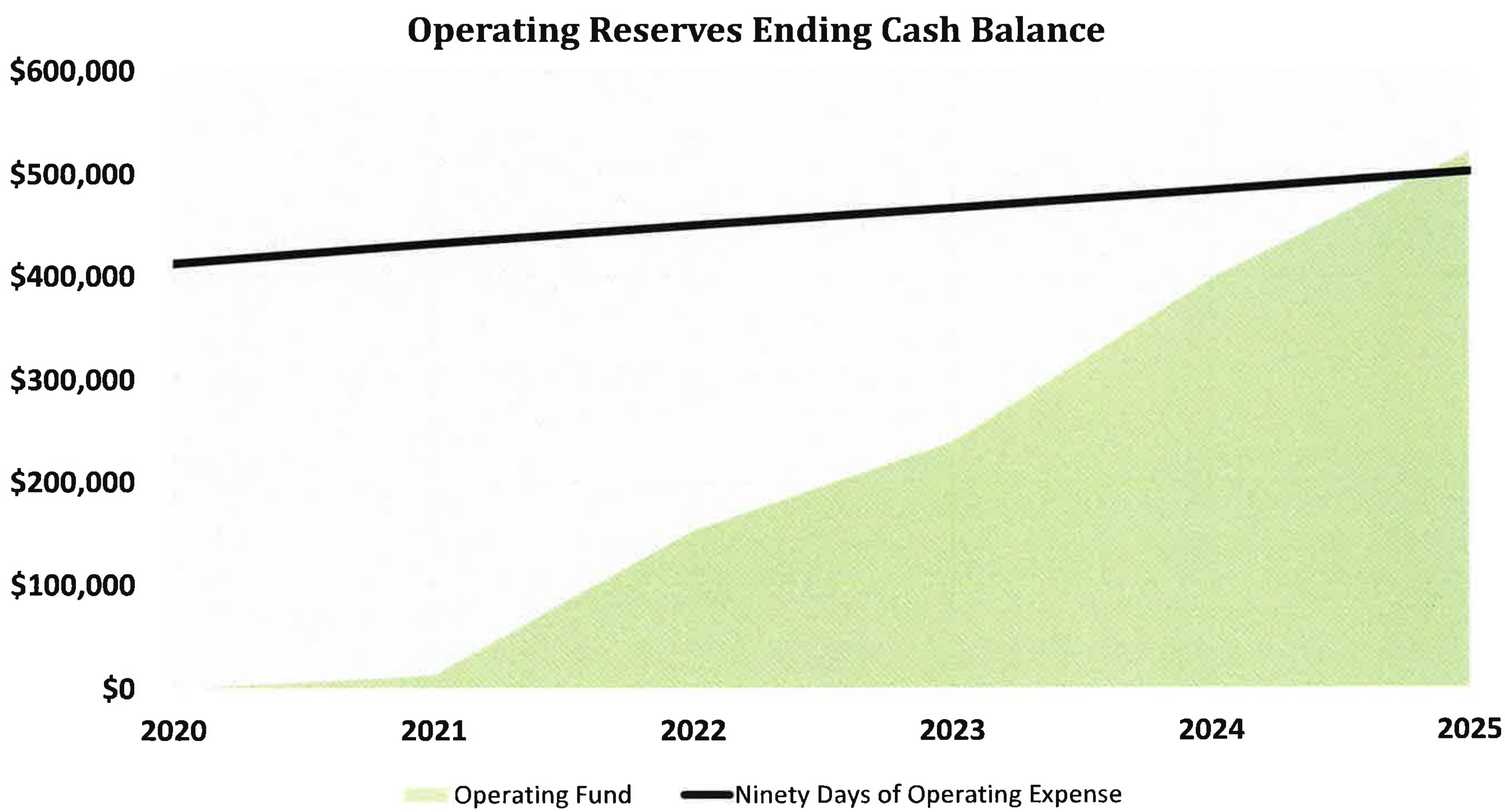
Projected Sanitation Division Revenue Requirements



Projected Revenue Sufficiency

Projected Rate Adjustments		
Year	Percentage	Amount
2021	12.5%	$210,275
2022	6.0%	$113,549
2023	6.0%	$120,361
2024	6.0%	$127,583
2025	6.0%	$135,238

Projected Operating Reserve Cash Balances



Proposed Residential Rates

Service Type	Existing Rates	Proposed FY2021 Rates
Single-Family	$215.49	$242.43
Mobile Homes	$215.49	$242.43
Multi-Family <5 units	$215.49	$242.43
Multi-Family > 4 units	$145.93	$164.17

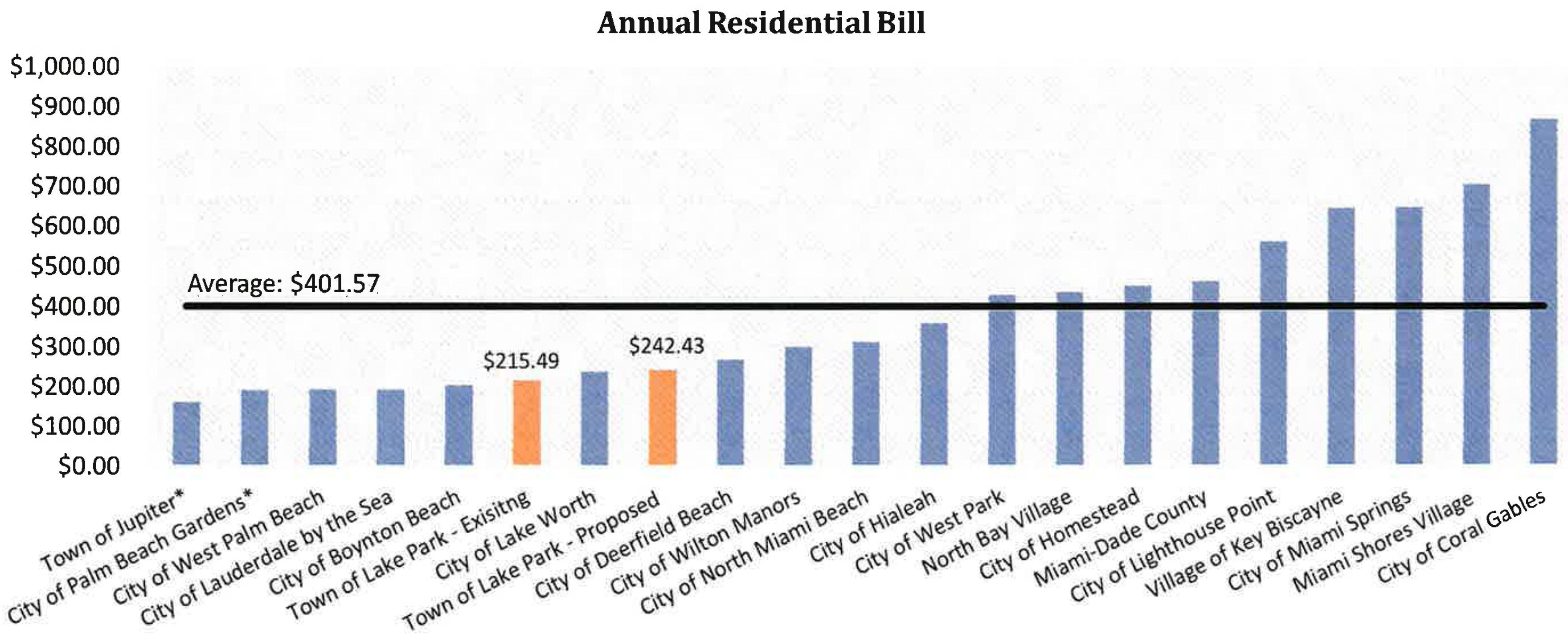
Existing Commercial Dumpster Rates (Collection and Disposal)

Existing Commercial Dumpster Rates					
Cubic Yards	Once/Week	Twice/Week	Three Times/Week	Four Times/Week	Five Times/Week
0.5	$18.54	$37.09	$55.63	$74.18	$92.72
2.0	$74.21	$148.41	$222.61	$296.83	$371.04
3.0	$111.31	$222.61	$333.92	$445.22	$556.53
4.0	$148.41	$296.83	$445.22	$593.66	$742.07
6.0	$222.61	$445.22	$667.83	$890.44	$1,113.06
8.0	$296.83	$593.66	$890.49	$1,187.32	$1,484.15

Proposed Commercial Dumpster Rates (Collection and Disposal)

Proposed Commercial Dumpster Rates					
Cubic Yards	Once/Week	Twice/Week	Three Times/Week	Four Times/Week	Five Times/Week
0.5	$20.86	$41.73	$62.58	$83.45	$104.31
2.0	$83.49	$166.96	$250.44	$333.93	$417.42
3.0	$125.22	$250.44	$375.66	$500.87	$626.10
4.0	$166.96	$333.93	$500.87	$667.87	$834.83
6.0	$250.44	$500.87	$751.31	$1,001.75	$1,252.19
8.0	$333.93	$667.87	$1,001.80	$1,335.74	$1,669.67

Rate Comparison



*Served by Private Hauler

Why Rates Differ

- Differences among rates may be due to:
  - Frequency of collection
  - Types of waste collected
  - Type of collection service (e.g., automated)
  - Disposal options and fees
  - Density of service area
  - Age of fleet and facilities
  - Fuel source

Recommendations and Conclusions

- Existing rates are not projected to be sufficient.
- The Town is recommended to adopt the proposed sanitation rates for Fiscal Year 2021.
- Property value enhancement due to collection and disposal of solid waste due to elimination of health hazards, promotion of cleanliness and safety, and aesthetics should exceed the overall cost of the assessments; therefore, the service represents a special benefit.
- Proportionality of the assessments upon benefitted properties, as previously established in Resolution No. 20-07-14 has been preserved.
- The Town should periodically review the adequacy of sanitation rates over the course of the study period to ensure revenue sufficiency in subsequent years.