

Solid Waste Program Rate Structure Recommendation  
September 2009

The Solid Waste Advisory Committee recommends to the San Juan County Council that the rate structure for the solid waste program be modified to include the following combination of revenue sources:

- 1) Gate Fee...This is a flat rate that is paid each time a customer utilizes the solid waste facility for waste disposal (recycling is exempt).
- 2) Parcel Fees...This is an annual fee charged to all parcels within the disposal district. Developed parcels with a dwelling or business will be charged more than undeveloped parcels.
- 3) Town Capital Fee...This would be a negotiated annual payment intended to equal what town residents would pay if they were part of the disposal district and subject to the parcel fees.
- 4) Tipping Fee...This is a continuation of our current tipping fee but will be at a reduced rate.

The intent of the new rate structure is to create a stable revenue source from the parcel fee for the purpose of funding expenses that do not vary with the amount of waste that is processed. This includes providing facilities, equipment, maintenance, administration and reserves. The tipping fee and gate fee will apply to customers that use the services the most, either in terms of solid waste volume (tipping fee) or trips to the transfer stations (gate fee). This system continues to fund recycling through the garbage tipping fee.

This rate structure model intends to promote the explicit goals of the County-wide Solid Waste Management Program of reduce, reuse, and recycle. It is the consensus of SWAC that a "gate" fee (excluding recycling) will encourage reduced/consolidated trips to the transfer stations while a substantial tipping fee will encourage reuse and recycling efforts. Since reduced use of the transfer stations and reduced production of solid waste would also reduce the revenue stream, SWAC felt it was critical to assess a parcel fee in order to develop a stable, long-term funding source. Reduced trips and uses of a transfer station also means the new San Juan Island facility could be built on a smaller scale than originally planned thereby saving substantial capital costs. It is the further consensus of SWAC that an efficient, workable transfer station is an essential public service and thereby enhances the well being of all county residents and visitors. Therefore, this proposed rate structure, which includes a parcel fee, was developed with the idea that costs for the entire solid waste program are to be shared as equitably as possible.

The SWAC recommends that staff utilize the rate model agreed to at their September 2009 SWAC meeting to recommend rates for 2010. The model used 2008 actual expense to provide an example of how this rate structure would have affected today's actual rates. The results from the model were:

Gate Fee.....	\$5.00 per trip
Developed Parcel Fee.....	\$48.25 per year
Undeveloped Parcel Fee.....	\$24.13 per year
Average Tipping Fee.....	\$195.18 per ton

\$20 per ton of the tipping fee will be used to support recycling, reuse and reduction programs.

The SWAC further recommends that a reserve fund be established for the solid waste program as described in the 2005 HDR cost of service study. That reserve should be established over a seven year period.