

Response to Questions on the FY 2007 Advertised Budget Plan

Request By: Supervisor Hyland

Question: What are the drivers of the proposed Refuse Collection fee increase from \$270/unit to \$315/unit in FY 2007?

Response:

Nearly all aspects of waste collection and recycling have seen increases related to outside commodities and services needed to complete the job. These have included:

Fuel Costs- A major component of waste collection is fuel for vehicles. Nearly all of the collection fleet operates with diesel fuel, the cost of which has risen over 113 percent since FY 2002.

Capital Equipment Costs- New U.S. Environmental Protection Agency regulations to meet stringent air quality standards and increased steel prices have made it more costly to purchase refuse trucks.

Personnel Costs- The cost to hire employees with suitable Commercial Drivers License experience is now more expensive. Additionally, the cost of labor in our region is at a premium impacting personnel expenses.

Waste Disposal Costs- The disposal costs paid to Covanta and other private disposal facilities have risen nearly 30 percent since FY 2002.

It should be noted that Fund Reserves are not growing, but are being maintained at established levels that would be needed to support operations in the event of an emergency.

Please see attached flyer entitled "Why is the Trash Collection Rate Going Up?" for additional information on this issue.



Why is the trash collection rate going up?



Fairfax County provides Fairfax County provides Solid Waste Collection and Recycling services for approximately 42,000 customers in “Sanitary Districts”. Our customers pay on a fee based system that does not use General Fund (taxes) for operations. We are committed to providing the best trash collection and recycling services in the region by focusing on productivity improvement and efficiency initiatives. This program pays for personnel, equipment, fuel and disposal costs of the materials we collect. Some major factors in determining the rate include the following:

Personnel costs have been increasing:

Salaries and benefits for employees have increased.

Workers with Commercial Drivers Licenses (CDLs) are in high demand (with a high turnover ratio) in our metropolitan region, thereby increasing the salaries of entry level personnel.

Laborer positions are also in high demand in our area and salaries have increased.

Our work is very physical and has a higher degree of worker injuries.

Operating expenses are increasing by 40 percent.

Disposal (tipping) fees have increased 29 percent from \$37.95 per ton in FY 2002 to \$46.95 per ton in FY 2007.

Fuel prices have increased by 113% from \$0.92/gallon in FY 2002 to \$1.96/gallon in FY 2007 due to increased crude oil prices.

Truck replacement part prices, from equipment vendors have increased due to their own increasing transportation costs and rising metal costs.

Private contractors that we use for recycling and trash collection have increased their costs to us based on the same driving factors.

Total operating expenses have increased from \$6.7 million in FY 2002 to \$9.4 million in FY 2007.

Capital equipment costs have increased dramatically.

New U.S. Environmental Protection Agency regulations to meet stringent air quality standards and increased steel prices have made it more costly to purchase refuse trucks.

Petroleum-based products, such as plastic used in the manufacture of trash cans, have increased dramatically over the past year. Each can now costs us about \$30 more.

The refuse collection garage at Newington is now over 15 years old and requires maintenance that was previously not budgeted, such as roof repairs and paving repairs.

Cooperative Approach.

Our operation operates as a Co-Op, where if we are able to reduce prices we reduce them. Our service fee history has proven this as shown in the table below:

Year	1993	1998 & 99	2000 Through 2004	2005	2006	2007
Fee	\$270	\$240	\$210	\$240	\$270	\$315*

*proposed

The proposed increase in the collection fee equates to \$3.75 per month, or less than \$1 per week, from \$270/unit to \$315/unit. Based on revenue and expense projections, the annual collection fee of \$315 will primarily support program costs and will not contribute any significant amount to the reserve for FY 2007.

We will be allowing one additional bulk collection per unit: 4 in FY 2006 to 5 in FY 2007.

For next year (FY 2008) we sincerely hope to be able to maintain the fee of \$315 without an increase. We are actively working to reduce external and internal costs, such as initiatives to reduce equipment maintenance costs, and re-routing strategies, which are large components of our budget. However, many of our expenses are systemic to our business and depend upon other market conditions (fuel and new equipment). Additionally, our reserves are critical for unanticipated emergencies like Hurricane Isabel for Sanitary District Customers.

Questions: Call us at 703-324-5230 TTY:711
Fairfax County Virginia
Solid Waste Management Program