

**CITY OF DAPHNE, ALABAMA
ORDINANCE 2020-21**

AN ORDINANCE ADDRESSING SOLID WASTE ENTERPRISE FUND LOSSES

WHEREAS, the City of Daphne, Alabama (the “City”) desires to provide curbside Garbage, Recycling, and Debris collection services for single family residences within the municipal limits (collectively, the “Solid Waste services”) as well as limited service offerings for multifamily and commercial properties within the City; and

WHEREAS, the City generates revenues and incurs expenses for providing Solid Waste services which are accounted for in a dedicated fund for accounting purposes known as the Solid Waste Enterprise Fund; and

WHEREAS, the Solid Waste Enterprise Fund has been experiencing significant losses stemming from expenses exceeding revenues, with an average loss of \$491,466 per year from Fiscal Years 2016-2018; and

WHEREAS, worldwide recycling market conditions have deteriorated over the last two years resulting in soaring costs for the City’s upstream processing of recyclable materials, the City’s limited access to recycling processors (including the closure of the City’s long standing processor in Loxley), significant added costs for the City for the transport of recycling materials to processors, and additional operational burden on the City for the extra handling the recycling material; and

WHEREAS, the City has explored outsourcing Solid Waste services to third party private sector providers and has determined that it is in the best interest of the City’s residents for the City to continue providing direct Solid Waste Services; and

WHEREAS, the City has created a sustainable plan for refreshing the vehicles and equipment necessary to continue providing quality Solid Waste Services to its citizens and the City has reviewed and desires to implement this capital improvement plan, the 2020 Solid Waste Capital Improvement Plan (“SW2020CIP”); and

WHEREAS, the City desires for the Solid Waste Enterprise Fund to operate revenue-neutral on an annualized basis; and

WHEREAS, the City’s Fiscal Year 2020 Budget includes an estimated loss of \$573,680 for the Solid Waste Enterprise Fund; and

WHEREAS, the implementation of the SW2020CIP will add another \$290,000 of expenses annually to the Solid Waste Enterprise Fund; and

WHEREAS, an estimated monthly rate increase of \$7.84 monthly has been calculated to be necessary to achieve a revenue neutral budget for the Solid Waste Enterprise Fund when factoring in the implementation of the SW2020CIP.

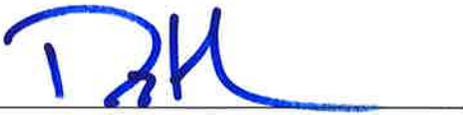
NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, that the following measures be taken by the City:

1. Implement the SW2020CIP in order to upgrade recycling trucks to facilitate automated recycling curbside pickup.
2. Provide for at least ninety (90) days of public education on recycling changes prior to commencement of normal curbside recycling pickup.
3. Change the frequency of curbside recycling pickup from weekly to bi-weekly.
4. Modify the recycling program to limit the recyclable materials collected by the City in order to (i) ensure there is a marketplace for the recycling material collected by the City and (ii) provide flexibility to adapt to market conditions. It is the express intention of the City to continue to monitor market conditions of recyclable materials and expand the stream to include certain recyclable products when market conditions allow this to be done in a financially prudent manner.
5. Establish a defined annual subsidy in the amount of ten percent (10%) of Solid Waste Fund charges for services revenue from the General Fund to the Solid Waste Enterprise Fund to allow the City to continue providing affordable service and excellent value for its citizens.
6. Increase the monthly rates for all Solid Waste services by \$3.00 per month per customer. Said rate increase shall apply to all residential and commercial customers and shall go into effect beginning ninety (90) days following the commencement of normal recycling pickup.
7. Provide for sustainability of the Solid Waste Enterprise Fund by establishing a procedure to implement an increase of \$1.00 per month per customer when the annual transfer subsidy exceeds 15% of Solid Waste Fund charges for service revenue as reported by the annual audit. Any such increase shall go into effect the first day of April following the completion of the City's annual audit so long as a majority of the City Council votes to implement the increase. No such rate increase shall go into effect until after the City has compiled a full year of data tracking the effect of measures taken in Sections 1 through 5 of this Ordinance.

APPROVED AND ADOPTED by the **CITY COUNCIL** of the **CITY OF DAPHNE, ALABAMA** this 20th day of July, 2020.

ATTEST:


Candace Antinarella, City Clerk


Dane Haygood, Mayor