



Waste Hauler Licensing Program Fee Study

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Austin Resource Recovery and
Code Compliance Department
Finance Division

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Summary

At the request of Austin Resource Recovery Department (ARR), the Code Compliance Department (CCD) has agreed to assume the responsibility of administering and enforcing the existing Waste Hauler Licensing Program. This agreement is to include all facets of the Private Solid Waste Collection Service City ordinance. CCD is developing a licensing and enforcement program that is revenue neutral.

Several stakeholder meetings have been hosted by ARR and CCD to ensure that concerns of the private hauler community were addressed and incorporated into the drafting of an ordinance amendment. Major concerns expressed by the stakeholders were the lack of effective enforcement and fiscal accountability of the City.

The Waste Hauler Licensing Program will address the impact of private hauler activities within the City to include safety and operability of hauling equipment and containers. It will also address the impact and environmental issues created by illegal dumping. A strong partnership will continue between ARR and CCD throughout the implementation phase of the Program's transition.

CCD will administer and enforce the existing Waste Hauler Licensing Program for the City. This involves the periodic review of vehicle and container permit records and details, on-going enforcement of program, verification of compliance with the ordinance, and data entry.

The purpose of this analysis is to determine the appropriate fees to cover the expenses incurred by CCD to administer the Waste Hauler Licensing Program.

Methodology

This cost of service analysis is based on the Fiscal Year (FY) 2013 projected costs. Four cost factors were considered based on the department's expenditures to account for all costs. Each of the cost factors addresses additional expenses to the City that are a direct result of administering the Waste Hauler Licensing Program. The four basic cost factors considered are:

- 1) Salary and benefit costs
- 2) Direct costs
- 3) Internal indirect costs
- 4) External indirect costs

These factors are described in the table below:

Table 1: Overhead Cost Factors

Cost Factor	Description
Salary and Benefits	Employee salary, benefits, and taxes (FICA, health, pension, etc.)
Direct Costs	Contracts, Supplies and Materials
Internal Indirect	Costs associated with administering the department
External Indirect	Central City-wide services such as Finance and Budget

The sum total of the four cost factors represents the total cost of the Waste Hauler Licensing Program. This total cost was utilized to determine the appropriate fees and rates to be charged to the waste haulers. Once cost was established, a projection was created to estimate the quantity of vehicles and containers that are expected to fall within the Waste Hauler Licensing Program's jurisdiction in FY 2013. The projected quantity was then utilized to project revenue to be collected based on the current FY 2012 approved rates. An analysis of the total projected cost and revenues was completed and identified a shortfall in the revenue to cover the total expenses of the program. Ultimately, a new rate structure or rate amount is necessary to ensure that the total cost of the Waste Hauler Licensing Program is covered.

* External indirect costs were excluded from this analysis.

Cost of Service Analysis

The cost of service analysis is based on the FY 2013 proposed fee policy. Four cost factors were considered based on the department's expenditures to account for all costs: salary and benefits, direct, internal indirect and external indirect. Tables 2 (a) – 2(d) below provide a summary of information for each cost factor.

Cost Factor 1: Salary and Benefits

The direct labor costs for each employee were used to determine the total direct cost for servicing the Waste Hauler Licensing Program. Each of the positions listed in the table below are new full time employee positions requested in the FY 2013 Code Compliance Forecast Budget.

Table 2 (a): Total Salary and Benefits Costs

Position Title	Salary	Benefits
Code Compliance Department		
1 Supervisor	\$61,672	\$21,124
5 Inspectors	\$261,350	\$98,261
1 Financial Specialist	\$52,270	\$19,652
1 Program Specialist	\$40,955	\$17,881
1 Outreach Coordinator	\$54,891	\$20,062
<i>Subtotal</i>	<i>\$471,138</i>	<i>\$176,980</i>
Total Salary and Benefits costs		\$648,118

Cost Factor 2: Direct Costs

The Waste Hauler Licensing program will have direct costs in addition to the salary and benefits described above. Each employee will need to be equipped with personal protective equipment, provided desk/office space and accompanying electronic equipment (computer, phone, etc). In addition to employee equipment needs, there are additional costs for surveillance cameras to monitor dumpsites, printing and mailing of license decals, outreach education costs and costs to clean up illegal dump sites.

Table 2 (b): Direct Costs

Category	Amount
Code Compliance Department	
3 Surveillance Cameras (to monitor illegal dumping sites)	\$18,000
Tools, Computers, Furniture, etc (~\$3,800 per employee)	\$34,200
Outreach Education	\$65,000
Decal Printing and Postage	\$20,000
Illegal Dumpsite Cleanups	\$35,000
Total Direct Costs	\$172,200

Cost Factor 3: Internal Indirect Costs

The Waste Hauler Licensing Program will have internal indirect costs in addition to the other costs listed. Internal indirect costs are related to administrative support provided by the ARR department for Human Resources, Safety, Quality Control, Information Technology support and legal support provided by CCD. These costs are detailed below in table 2 (c). Since these services are being provided by ARR and CCD, they are projected and paid for with the department budget in FY 2013. Eventually, the Waste Hauler Licensing Program will create their own internal support services staff and the program will then cover those costs.

Table 2 (c): Internal Indirect Costs

Amount	
Code Compliance Department	
Legal Support	\$89,277
Human Resources	\$17,182
Safety, Quality Control, Facility	\$44,182
Support Services (IT, PIO, etc)	\$112,178
Total Internal Indirect Costs	\$262,819

Cost Factor 4: External Indirect Costs

External indirect costs were excluded from this analysis. Similar to the internal indirect costs described above, the Waste Hauler Licensing Program, once established will be responsible for covering these types of costs.

Total Cost for Waste Hauler Licensing Program

A summation of the total direct and indirect costs provides the complete cost of service. The total of all costs to administer the Waste Hauler Licensing Program is \$1,083,137. Since the internal indirect costs will be covered by ARR and CCD, \$262,819 was removed from the total. The total of the four cost factors is detailed in table 3 below.

Table 3: Total FY 2013 Projected Cost for Waste Hauler Licensing Program

Amount	
Code Compliance Department	
Salary and Benefits Cost	\$648,118
Direct Cost	\$172,200
Internal Indirect Cost [†]	\$262,819
External Indirect Cost	\$0
Total Costs	\$1,083,137
Total Costs covered by the Waste Hauler Licensing Program Fees	\$820,318

[†] Internal Indirect costs are being directly paid through ARR and CCD budgets

Revenue Projections for the Waste Hauler Licensing program

Projecting the expected revenue of the Waste Hauler Licensing Program is necessary to determine if our current rate structure is sufficient to cover all costs of the Program. In order to project the revenue Finance utilized FY 2011 data regarding the number of vehicles and containers reported by the Waste Haulers. Since the current program is on an “honor system” of self reporting, it was possible that Waste Haulers were not reporting accurate data and/or not reporting at all. Finance estimated the number of additional vehicles and containers that would fall under the jurisdiction of the Program. The details of the revenue projections and quantity projections are detailed in Table 4 below.

Table 4: FY 2013 Revenue Projections based on FY 2012 rate structure

Category	Current FY 2012 Approved Fee	Detail	FY 2013 Projected Quantity	FY 2013 Projected Revenue based on FY2012 Approved rates
Vehicles (Garbage)	\$100.00	per vehicle	257	\$25,700
Vehicles (Recycling)	N/A	per vehicle	105	\$ -
Containers (Garbage)	\$34.20	per container	22,000	\$752,400
Containers (Recycling)	N/A	per container	6,375	\$ -
Total Projected Revenue				\$778,100

Projected Revenue and Expense Comparison

The projected FY 2013 expenses for the Waste Hauler Licensing Program are \$820,318 (this amount includes only Salary, benefits and direct costs) and the projected FY 2013 revenues are \$778,100 which results in a shortfall of \$42,218. This shortfall must be covered by the fees charged to the Waste Haulers and therefore a new rate structure will be needed. The proposed FY 2013 rate structure is detailed in table 5 below:

Table 5: FY 2013 Fee Proposal

Category	Proposed FY 2013 Fee	Detail	FY 2013 Projected Quantity	FY 2013 Projected Revenue based on FY2013 Proposed rates
Vehicles (Garbage)	\$100.00	per vehicle	257	\$25,700
Vehicles (Recycling)	N/A	per vehicle	105	\$ -
Containers (Garbage)	\$36.00	per container	22,000	\$792,000
Containers (Recycling)	N/A	per container	6,375	\$ -
Total Projected Revenue				\$ 817,700

The proposed FY 2013 fees recommended above do not fully cover the projected FY 2013 expenses. The expenses will be closely monitored throughout the year to ensure that they do not exceed revenue.