



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 25-22

City Council

9/15/2022

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

REVISED PROPOSED ORDINANCE NO. 25-22 AMENDMENT TO CITY CODE SECTION 4-3-97 -
SANITATION COLLECTION FEE AND THE SANITATION EQUIPMENT SURCHARGE

RECOMMENDATION:

That City Council adopt Proposed Ordinance No. 25-22 on second reading:

AN ORDINANCE AMENDING SECTION 4-3-97 OF THE CODE OF THE CITY OF PENSACOLA, FLORIDA; PROVIDING FOR INCREASE IN SANITATION COLLECTION FEES AND THE SANITATION EQUIPMENT SURCHARGE; PROVIDING FOR SEVERABILITY; REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Chapter 4-3 of the City Code contains rules and regulations related to garbage and refuse within the City of Pensacola. More specifically, Section 4-3-97 establishes fees and surcharges for recycling, solid waste, and refuse collection services. This section also requires that amendments to the schedule of fees and charges be made by a resolution of the City Council.

Section 4-3-97 was last amended on Sept. 9, 2021, by increasing the garbage, recycling, and trash (i.e., "monthly") collection fee from \$25.11 per month to \$26.15 per month, increasing the Sanitation Equipment Surcharge (surcharge) from \$2.04 per month to \$3.12 per month and establishing the Premium Service option. In addition to setting rates, fees, and charges, Section 4-3-97 also expressly allows for an automatic cost of living adjustment (COLA) to the monthly collection fee and the sanitation equipment surcharge each October 1st.

The monthly collection fee increase to \$26.15 per month implemented on Oct. 1, 2021, allowed for total funding of the Sanitation Services operation as budgeted in the FY2022 Adopted Budget. However, even with the annual COLA, it is not sufficient to cover the operation's future budgetary requirements (i.e., mandatory salary increases for employees covered by Collective Bargaining Agreements, other increases in personnel costs, increasing fleet maintenance costs, etc.) or build a cash reserve as required by City policy. Likewise, the increase in the surcharge taken at that time is

insufficient to fully fund the department's future capital equipment needs.

In January 2022, the City retained Geosyntec Consultants, Inc. (Geosyntec) to conduct an updated solid waste rate study and business plan for Sanitation Services (Sanitation). That study set out to determine the rates required over the next five years for Sanitation to 1) fully self-fund its entire operation, 2) fund the department's five-year Capital Improvement Plan (CIP) for the replacement of sanitation vehicles and equipment, and 3) build the required cash reserve. Additionally, Geosyntec has been tasked with the analysis of the Sanitation department's overtime trends, operational efficiencies, and identifying cost-saving options. Their findings from this additional work will be available prior to the City Council meeting for review by Council, and representatives from Geosyntec will attend the City Council meeting remotely to provide an oral presentation and overview of their findings.

Based on Geosyntec's findings and recommendations, combined with internal discussions aimed at determining an appropriate 5-year rate plan, staff is recommending the following:

- A \$1.29 increase in the monthly collection rate, bringing the rate to \$27.44 per month effective Oct. 1, 2022.
- Setting of out-year automatic increases to the monthly collection rate through FY27 as follows:
 - \$1.11 effective Oct. 1, 2023
 - \$1.15 effective Oct. 1, 2024
 - \$1.77 effective Oct. 1, 2025
 - \$0.79 effective Oct. 1, 2026
- An increase of \$1.00 in the Sanitation Equipment Surcharge, bringing the surcharge to \$4.12 per month effective Oct. 1, 2022, with an additional increase of \$1.00 effective Oct. 1, 2023, bringing the Sanitation Equipment Surcharge to \$5.12 with no further anticipated increases.

Based on further discussion with council members and for the benefit of the citizens of Pensacola during this time of elevated inflation, we are postponing the introduction of or change to any ancillary charges at this time.

PRIOR ACTION:

August 18, 2022 - City Council voted to approve Proposed Ordinance No. 25-22 on first reading.

June 16, 2022 - City Council moved to postpone consideration of Proposed Ordinance No. 25-22 until August 18, 2022, to allow time for further assessment.

September 9, 2021 - City Council adopted Ordinance No. 28-21 adjusting the monthly sanitation equipment surcharge to \$3.12 and the sanitation collection fee to \$26.15.

September 10, 2020 - City Council adopted Ordinance No. 41-20 adjusting the monthly sanitation equipment surcharge to \$3.04 and the sanitation collection fee to \$25.11.

September 26, 2019 - City Council adopted Ordinance No. 22-19 adjusting the monthly sanitation equipment surcharge to \$2.04 and the sanitation collection fee to \$24.64.

September 13, 2018 - City Council adopted Ordinance No. 13-18 adjusting the monthly sanitation

equipment surcharge to \$2.00.

FUNDING:

N/A

FINANCIAL IMPACT:

Approval of the proposed ordinance would set the sanitation rate at \$27.44 per month, a \$1.29 per month increase, and would set the sanitation equipment surcharge at \$4.12 per month, a \$1.00 per month increase. Based on an estimated 21,100 customers, the increase in the sanitation rate is projected to generate an additional \$326,628.00 annually in additional Residential Refuse Container Charges and the sanitation equipment surcharge is projected to generate an additional \$253,200.00 annually for capital equipment expenditures both of which have been incorporated in the FY 2023 Proposed Budget.

LEGAL REVIEW ONLY BY CITY ATTORNEY: Yes

[Click here to enter a date.](#)

STAFF CONTACT:

Kerrith Fiddler, City Administrator
Amy Miller, Deputy City Administrator - Administration & Enterprise
Fred Crenshaw, Sanitation Services & Fleet Management Director
Amy Lovoy, Finance Director

ATTACHMENTS:

- 1) Revised Proposed Ordinance No. 25-22

PRESENTATION: Yes