



## SOLID WASTE FEE PROPOSAL FACT SHEET

### City of Shelbyville, TN

### 16 April 2021

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**Purpose:** City staff is requesting the creation of an enterprise fund for solid waste services. This enterprise fund would separate solid waste services out of the General Fund and into a separate fund.

**Enterprise Fund:** An enterprise fund is a proprietary fund designation used for a business-type activity where there is a clear revenue stream that provides for the operations, capital expenses, and debt services of that activity. Examples of enterprise funds are water, wastewater, electric, and natural gas utilities.

**Solid Waste Services:** The City of Shelbyville provides solid waste services to the citizens of Shelbyville. Those services include weekly curbside trash collection, debris collection, roadside litter pickup, transfer station operations, and burn pit operations.

**Solid Waste Budget:** The Fiscal Year 2021 budget for solid waste services is \$1,181,000, with an additional \$230,000 for capital equipment (total \$1,411,000). Of that amount, \$385,000 is designated for landfill services (charged to the City), \$55,000 for maintenance of vehicles, \$35,000 for fuel, and \$672,000 for employees and benefits.

**Current Revenue Stream:** The FY21 operating budget was adopted by City Council with expenditures of \$18,785,702. The approved revenue for FY21 was \$16,945,824. These revenues and expenditures resulted in a fund balance (cash reserves) appropriation of \$1,839,878.

**Property (ad valorem) Taxes:** Ad valorem taxes are the primary funding source for City operations. Ad valorem taxes for FY21 are projected to be approximately \$7,200,000. Those revenues will provide for Police, Fire, and most of the Parks budgets (requiring additional revenue of \$300,000). Ad valorem taxes are utilized for general government operations and are directed to property owners.

**User Fee:** The solid waste collection fee is a user fee. User fees are established to charge the user, not necessarily the property owner, for the service being provided.

**Implementation:** The Solid Waste Management Act of 1991, codified at Tennessee Code Annotated §68-211-801, states: *Each county, solid waste authority, and municipality shall account for financial activities related to the management of solid waste in either a special revenue fund or an enterprise fund established expressly for that purpose.*

**Billing Process:** The City of Shelbyville would contract with Shelbyville Power to add the solid waste fee to the utility bills for all City utility customers. Shelbyville Power will charge a set up fee to the City to establish the billing system and then will charge a fee to the City based on an agreed upon rate per bill. The total annual billing charge is estimated at approximately \$15,000. This charge is significantly less than it would cost the City to provide the same service.

**Proposed Rates:** The proposed rate for solid waste collection is \$17 per month. If a user chooses to have a second cart, then the proposed rate for the second cart is \$10 per month. These rates were determined based on the cost to deliver solid waste collection services to the community.

**Regional Rate Comparison:** Staff reviewed the rates of communities around our region and found that the lowest monthly rate was \$7.50 and that the highest monthly rate is \$22.75. The average monthly rate is \$14.09.

**Questions:** For questions or comments about this proposal, please contact City Manager Josh Ray at [josh.ray@shelbyvilletn.org](mailto:josh.ray@shelbyvilletn.org) or call/text to 505.634.8319.

City Council previously discussed the development of an enterprise fund in 2020. In April 2021, City Council voted to not proceed with the development of an enterprise fund and a user fee and instructed staff to create an outreach effort to inform Citizens of the issues surrounding this topic.