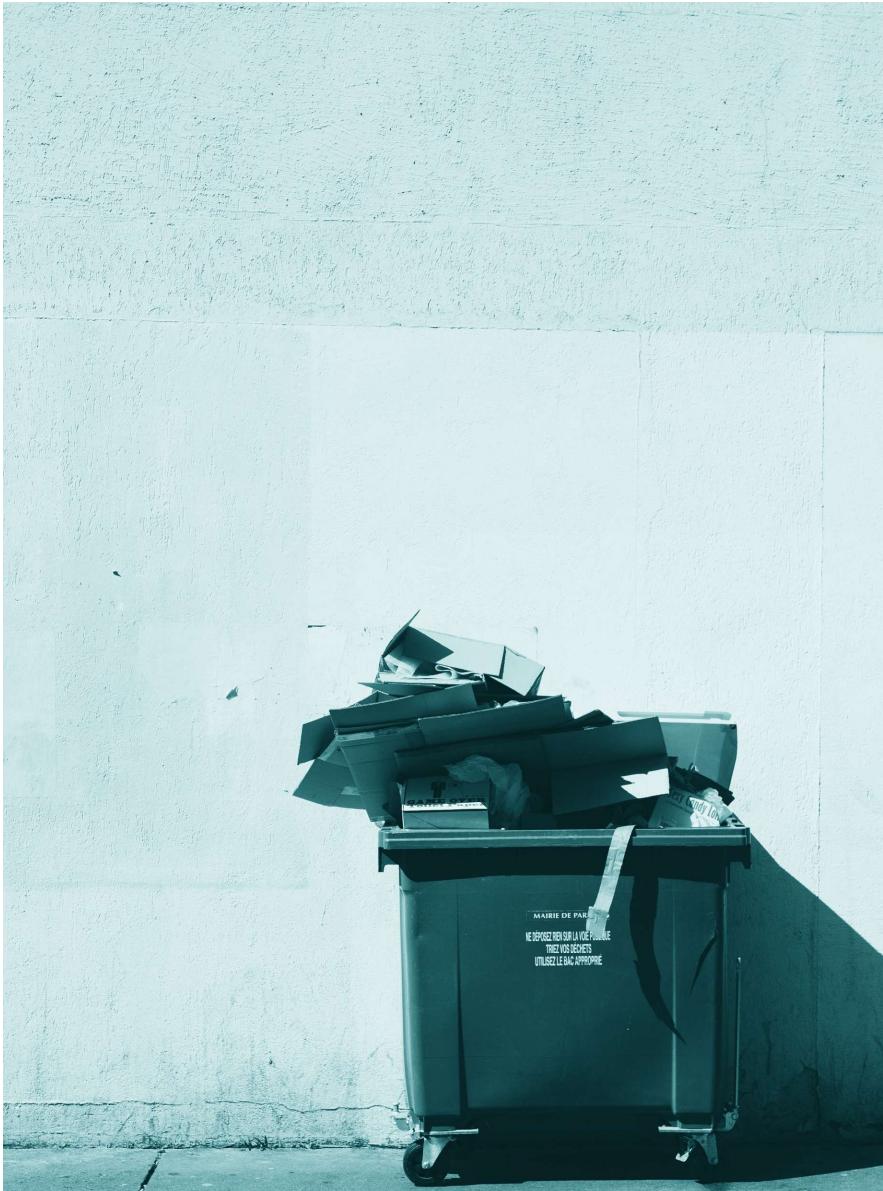


# City of Ocala

Solid Waste Revenue Sufficiency Study

October 21, 2025





# Agenda

- 1. Background & Issues**
- 2. Scope & Key Objectives**
- 3. Financial Model**
- 4. Compactor Fee Development**
- 5. Findings Summary**

# 1. Background & Issues



# Background: *Services Overview*



## Residential

- Trash 1x week
- Recycling 1x week
- Yard Waste 1x week
- Bulk 1x week



## Commercial

- Trash Collection
  - › Up to 6x week



## Background – *Customers*

### Customer Accounts

**17,371** Residential

**3,685** Commercial

**8,397** Multi-Family

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**29,453**

### Tonnages

**68,560** Garbage

**3,300** Recycling

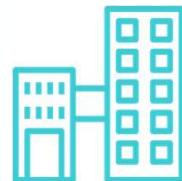
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**71,860**

# Background – *2025 Customer Satisfaction Survey Results*

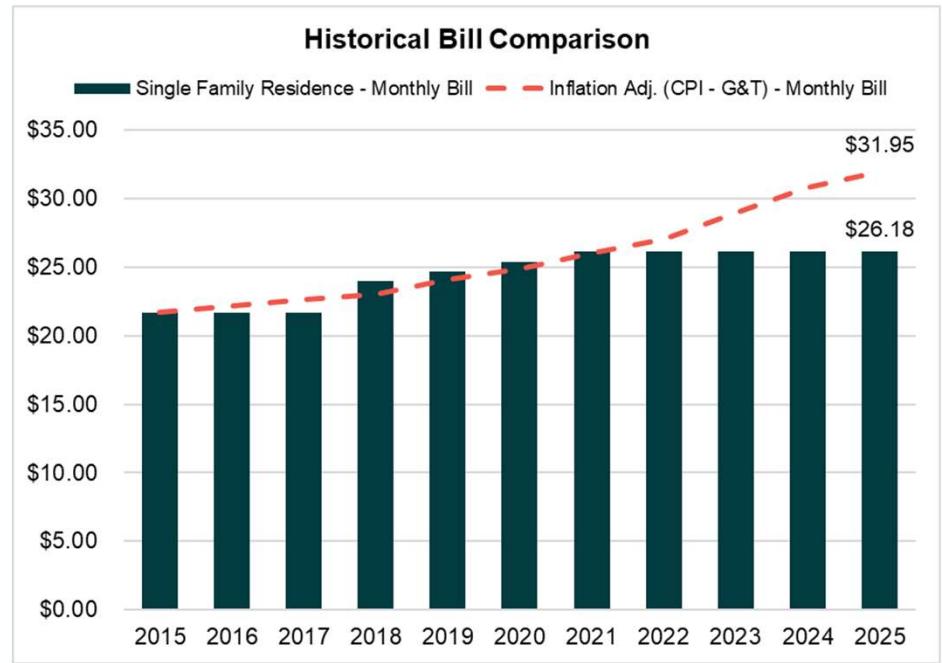
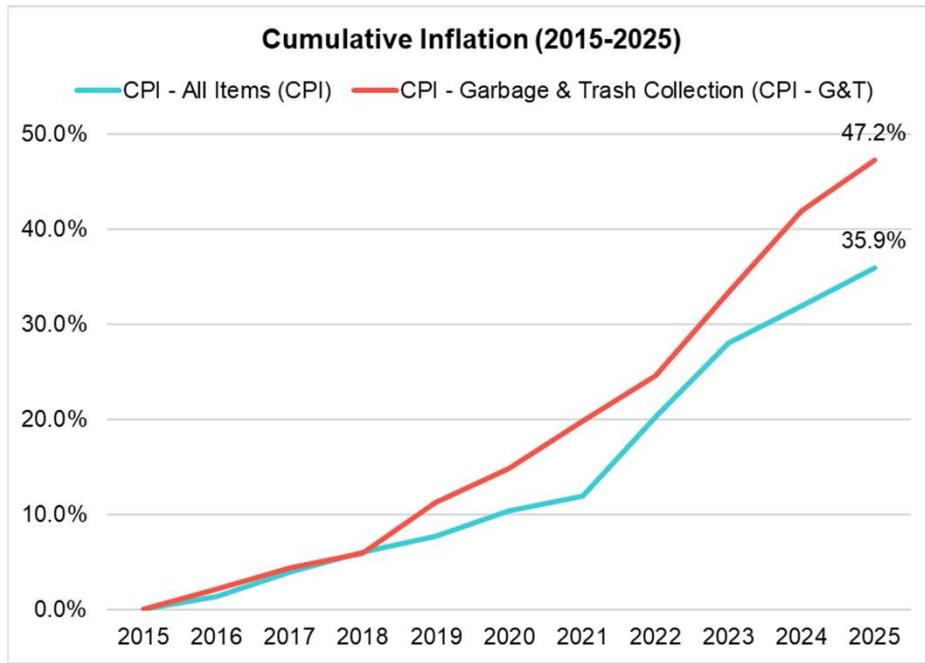


**100.00%** Residential



**98.21%** Commercial

# Background – *Inflation*



Source: U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

# 2. Scope & Key Objectives



# Scope & Key Objectives

- Scope
  - › Existing program review
  - › Revenue sufficiency analysis
    - Development of financial model and recommended rates
- Key Objectives
  - › Develop ten-year forecast that recovers the full cost of service
  - › Propose rates that promote fiscal sustainability



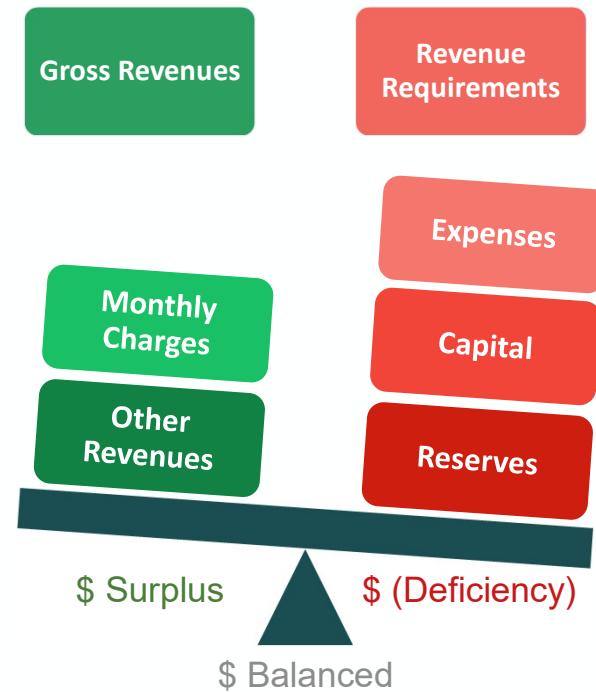
# Methodology & Model

- Philosophy:
  - › Models the Enterprise Operations
  - › Dynamic and Capable of Performing Sensitivity Analyses
  - › Flexible in Design to Accommodate Changes in Operations
  - › Acts as a Decision Support Tool
- Key Model Attributes or Variables:
  - › Growth / Tonnages
  - › Inflation and Escalation Factors
  - › # of Vehicles, Replacement, Residual, Maintenance (Fleet Model)
  - › # of FTEs
  - › Capital Funding

# Scope & Key Objectives

- Data Driven Process:
  - Historical Billing Statistics
  - Historical Financial Data
  - Fixed Asset Records
  - Current Budget and Financial Plan
  - Capital Improvement Plan

## REVENUE SUFFICIENCY

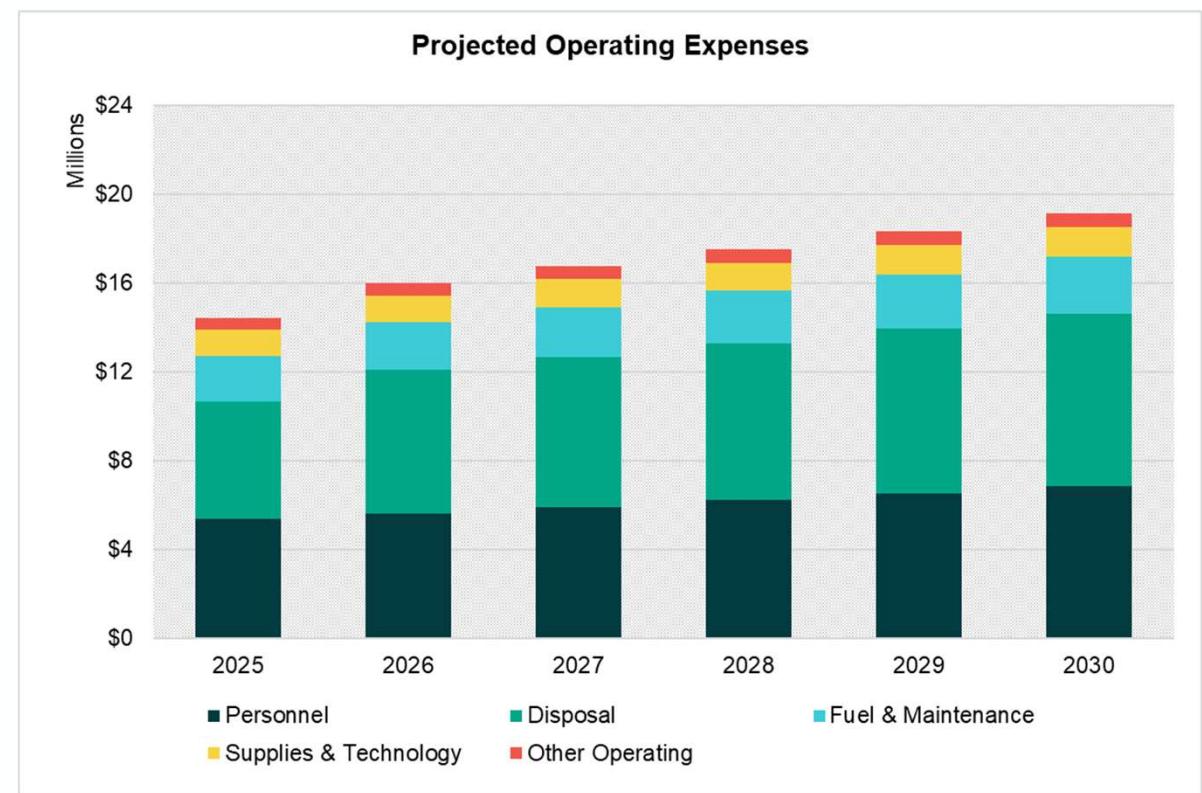


# 3. Financial Plan



# Financial Plan – *Operating Expenses*

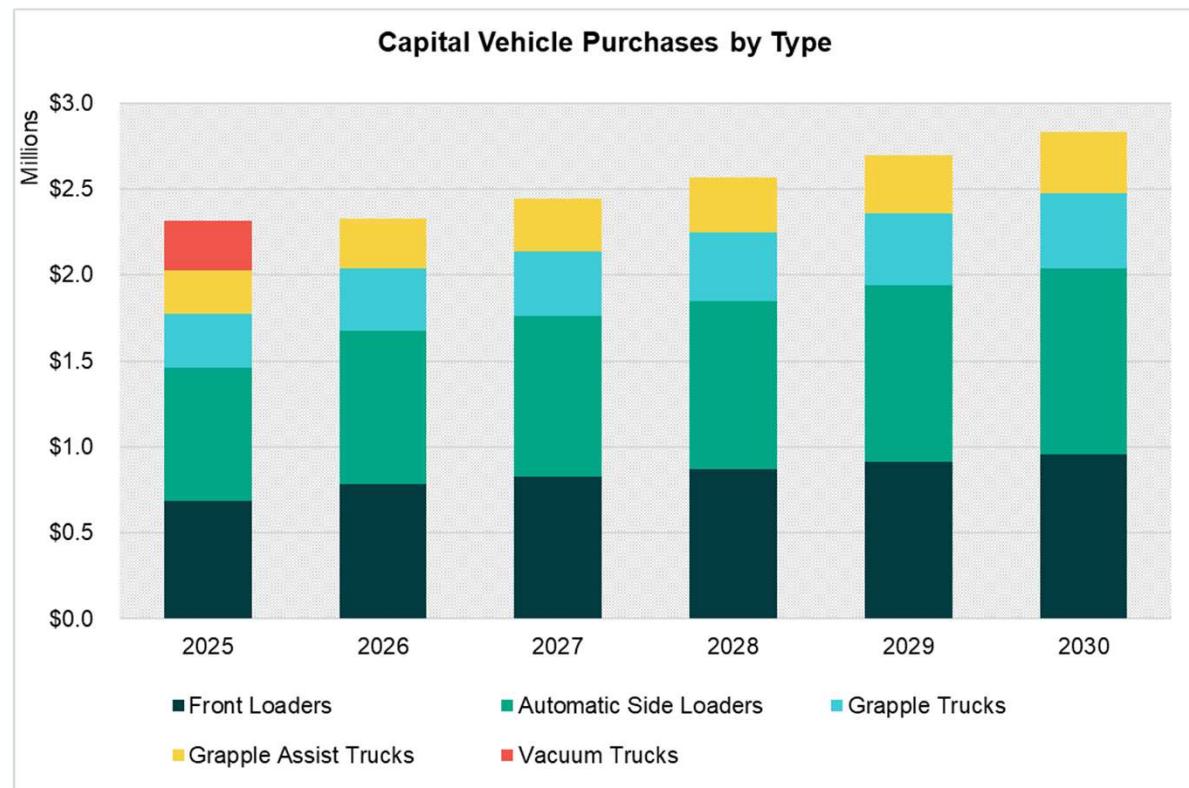
- FY 25 Budget served as baseline for model
  - Costs escalated for customer growth at 1.5% per year & inflationary adjustments
- Recognizes significant increase in disposal costs at 21.8% in FY26
  - Driven by new disposal agreement
- Operating expenses are escalated over FY26 levels by 4.6% on average per year



13 Footnote: Operating expenses shown above exclude depreciation, transfers to the general fund, and capital-related expenditures.

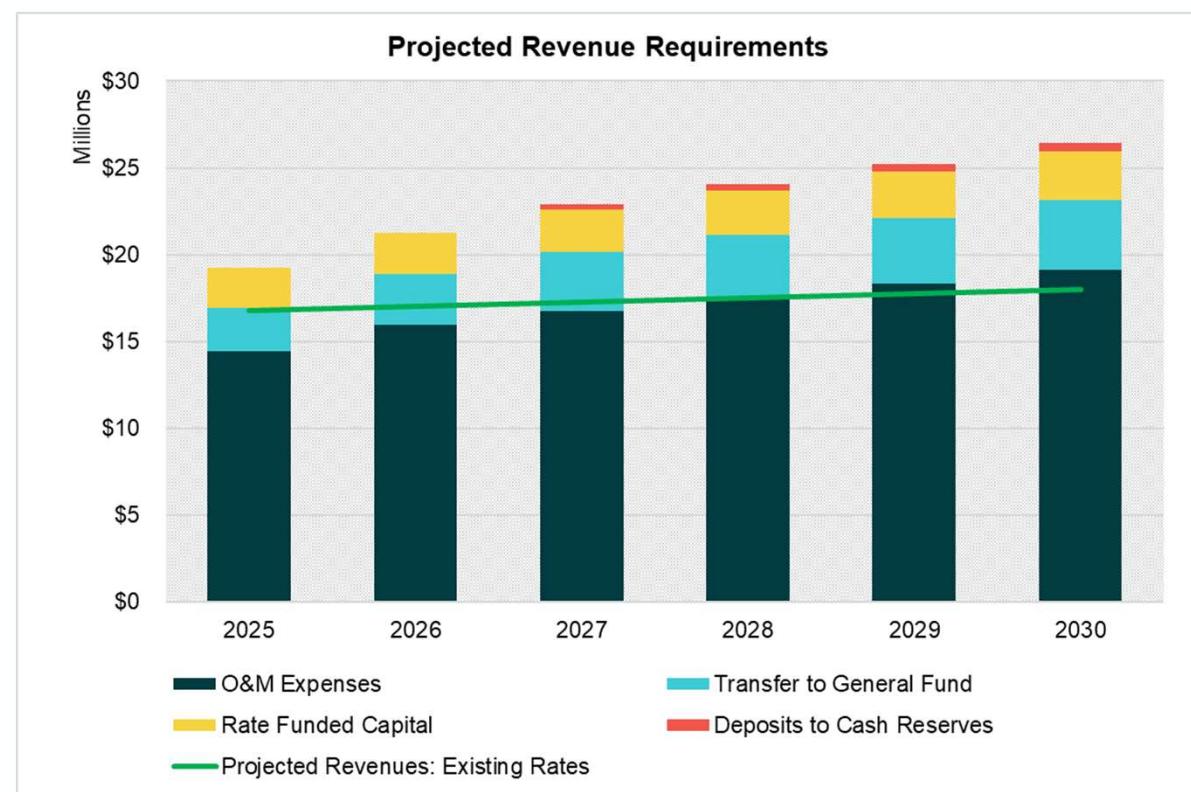
# Financial Plan – *Capital Plan*

- Capital cost estimates have significantly increased
  - › ENR Construction Cost index up 26% since 2018
  - › Average annual spend of \$2.5m
    - Average current ASL cost has increased 63% since 2018



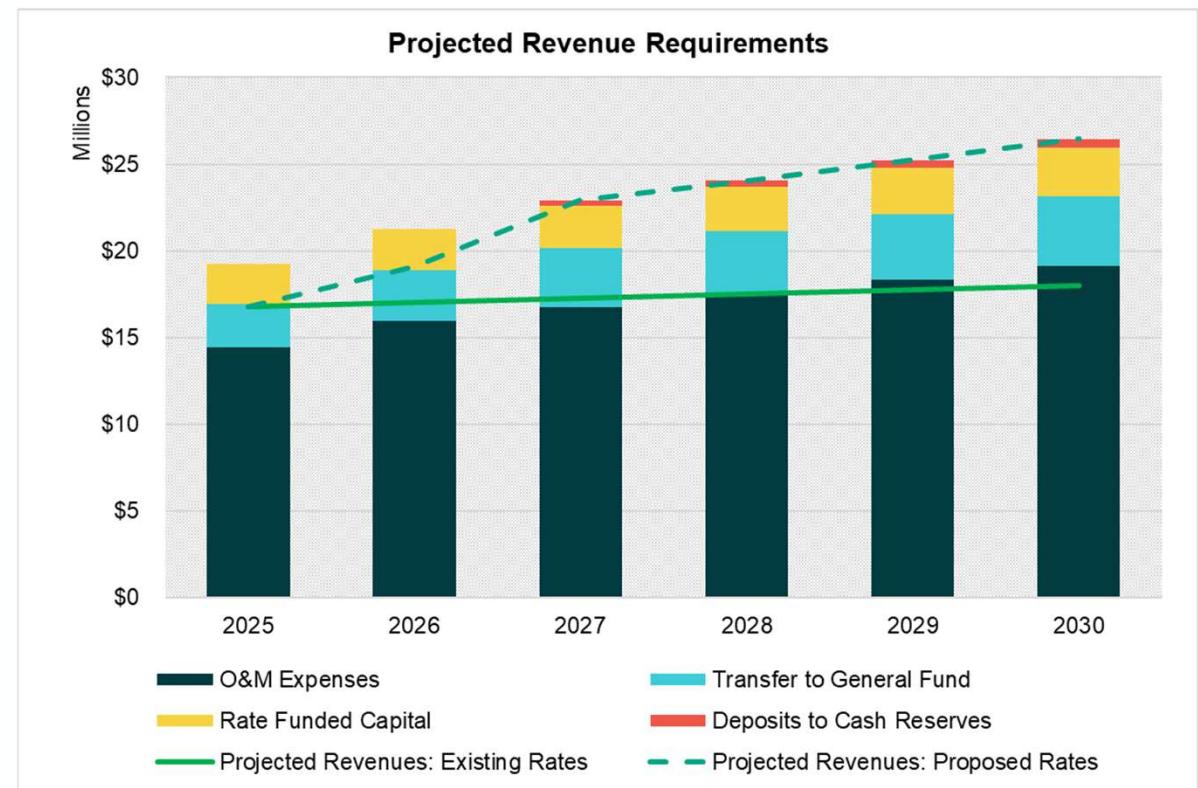
# Financial Plan – *Existing Revenues*

- Revenues based on billing statistics and financial statements
  - › Assumes customer growth of approximately 1.5% per year at existing rates
- Existing revenues do not cover the need for capital and transfers
  - › Shortfall averages \$6.1m per year at current rates



# Financial Plan – *Revenue Sufficiency*

- Phase-in increase over time to minimize impact to customers
  - › Proposing a 2-year phase-in
- Assuming implementation, City will meet internal reserve policy



## Financial Plan – *Residential Bill Impacts*

| Description                 | Existing       | 2026           | 2027           | 2028           | 2029           | 2030           |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Single Family Monthly Bill  | <b>\$26.18</b> | <b>\$30.48</b> | <b>\$34.78</b> | <b>\$36.00</b> | <b>\$37.26</b> | <b>\$38.56</b> |
| Change (\$)                 |                | \$4.30         | \$4.30         | \$1.22         | \$1.26         | \$1.30         |
|                             |                |                |                |                |                |                |
| Multi-Family Monthly Bill   | <b>\$18.94</b> | <b>\$22.05</b> | <b>\$25.16</b> | <b>\$26.04</b> | <b>\$26.95</b> | <b>\$27.89</b> |
| Change (\$)                 |                | \$3.11         | \$3.11         | \$0.88         | \$0.91         | \$0.94         |
|                             |                |                |                |                |                |                |
| Trinity Villas Monthly Bill | <b>\$14.78</b> | <b>\$17.21</b> | <b>\$19.64</b> | <b>\$20.33</b> | <b>\$21.04</b> | <b>\$21.78</b> |
| Change (\$)                 |                | \$2.43         | \$2.43         | \$0.69         | \$0.71         | \$0.74         |

\*Fiscal Year 2026 rate adjustment is assumed to be implemented on January 1, 2026. Rate adjustments thereafter are assumed to be implemented on October 1 of each respective fiscal year.

# Financial Plan – *Commercial Bill Impacts*

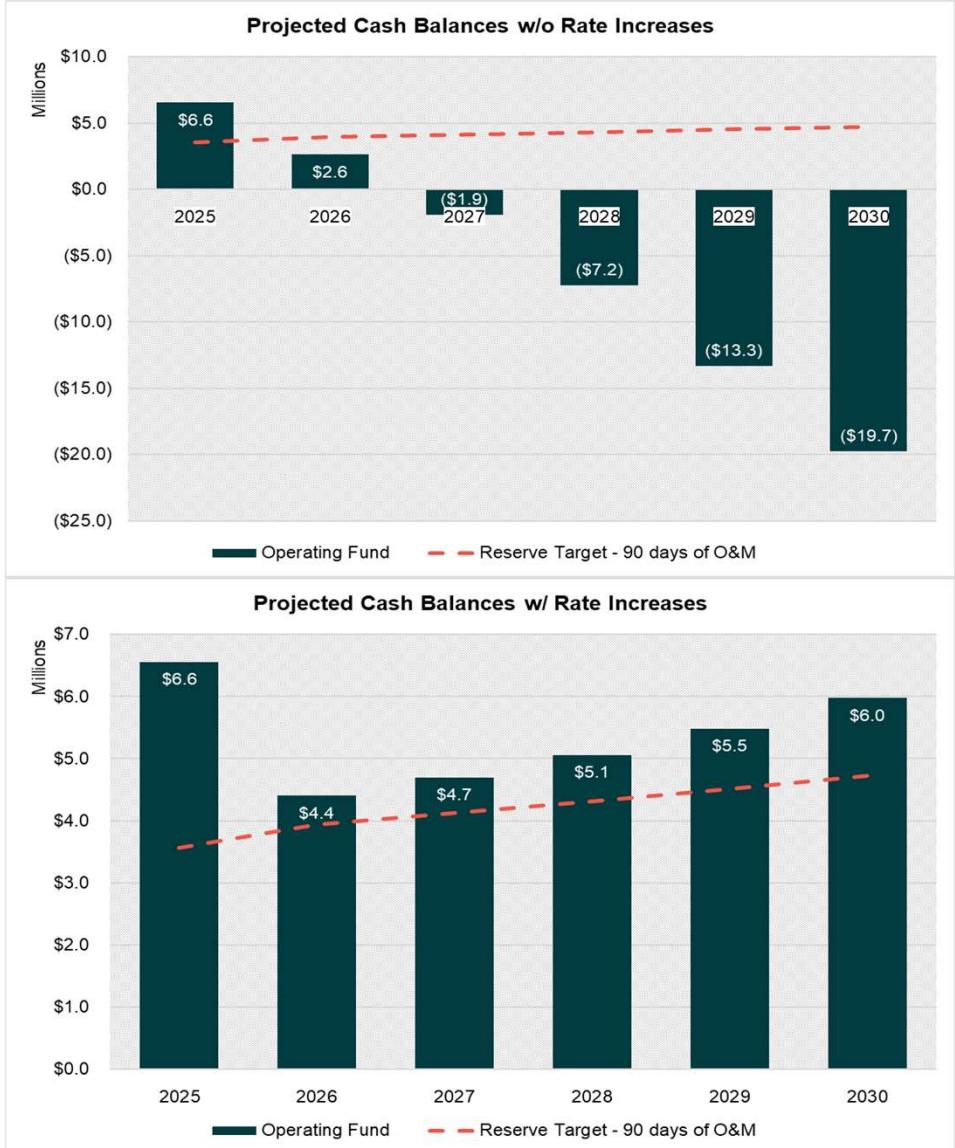
- Rates shown represent 87% of commercial customer base

| Description          | Existing        | 2026            | 2027            | 2028            | 2029            | 2030            |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2 CY - 1xWeek Pickup | <b>\$80.16</b>  | <b>\$93.33</b>  | <b>\$106.50</b> | <b>\$110.23</b> | <b>\$114.09</b> | <b>\$118.08</b> |
| Change (\$)          |                 | \$13.17         | \$13.17         | \$3.73          | \$3.86          | \$3.99          |
| 4 CY - 1xWeek Pickup | <b>\$136.75</b> | <b>\$159.21</b> | <b>\$181.67</b> | <b>\$188.03</b> | <b>\$194.61</b> | <b>\$201.42</b> |
| Change (\$)          |                 | \$22.46         | \$22.46         | \$6.36          | \$6.58          | \$6.81          |
| 6 CY - 1xWeek Pickup | <b>\$189.82</b> | <b>\$221.00</b> | <b>\$252.18</b> | <b>\$261.01</b> | <b>\$270.15</b> | <b>\$279.61</b> |
| Change (\$)          |                 | \$31.18         | \$31.18         | \$8.83          | \$9.14          | \$9.46          |
| 6 CY - 2xWeek Pickup | <b>\$362.02</b> | <b>\$421.48</b> | <b>\$480.94</b> | <b>\$497.77</b> | <b>\$515.19</b> | <b>\$533.22</b> |
| Change (\$)          |                 | \$59.46         | \$59.46         | \$16.83         | \$17.42         | \$18.03         |
| 8 CY - 1xWeek Pickup | <b>\$235.79</b> | <b>\$274.52</b> | <b>\$313.25</b> | <b>\$324.21</b> | <b>\$335.56</b> | <b>\$347.30</b> |
| Change (\$)          |                 | \$38.73         | \$38.73         | \$10.96         | \$11.35         | \$11.74         |
| 8 CY - 2xWeek Pickup | <b>\$451.89</b> | <b>\$526.11</b> | <b>\$600.33</b> | <b>\$621.34</b> | <b>\$643.09</b> | <b>\$665.60</b> |
| Change (\$)          |                 | \$74.22         | \$74.22         | \$21.01         | \$21.75         | \$22.51         |
| 8 CY - 3xWeek Pickup | <b>\$657.70</b> | <b>\$765.73</b> | <b>\$873.76</b> | <b>\$904.34</b> | <b>\$935.99</b> | <b>\$968.75</b> |
| Change (\$)          |                 | \$108.03        | \$108.03        | \$30.58         | \$31.65         | \$32.76         |

\*Fiscal Year 2026 rate adjustment is assumed to be implemented on January 1, 2026. Rate adjustments thereafter are assumed to be implemented on October 1 of each respective fiscal year.

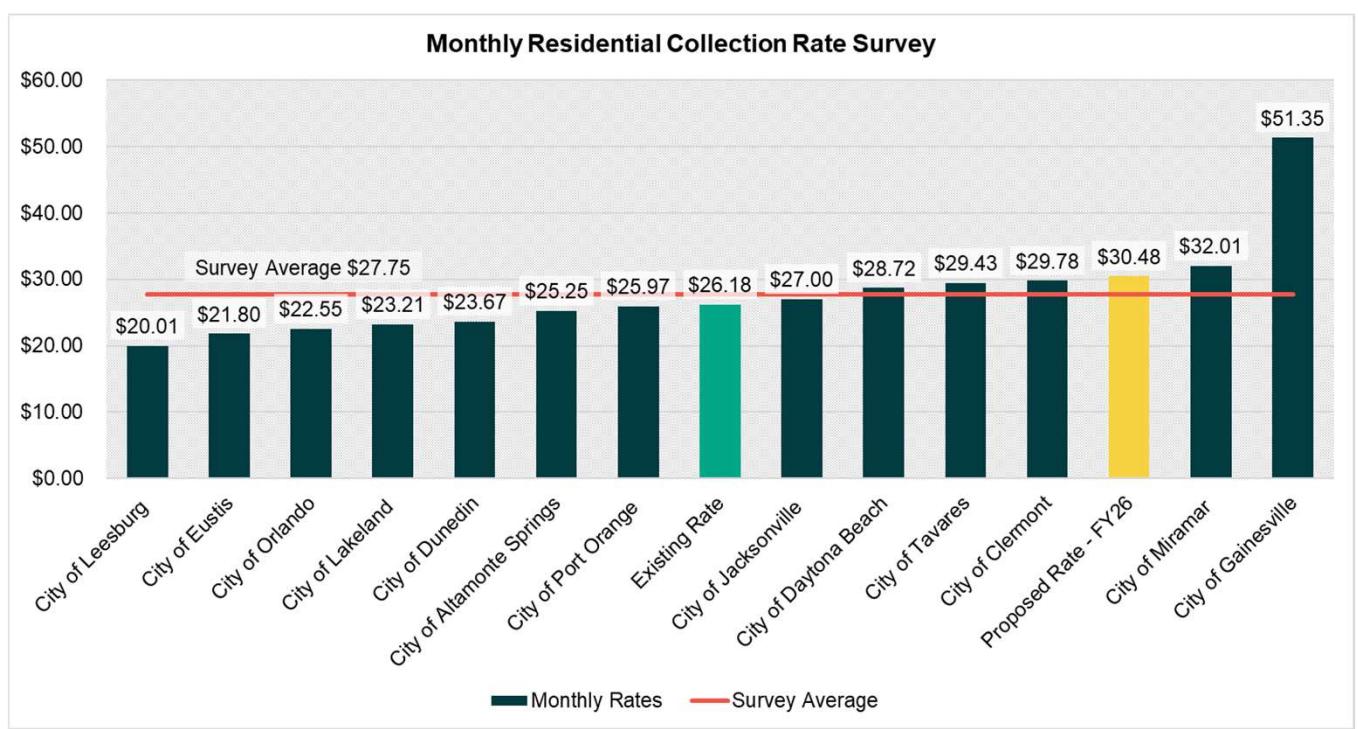
# Financial Plan – *Cash Balances*

- Assuming implementation of the rate plan City will meet reserve targets
- Projected cash reserves w/ rate adjustments
- Maintains compliance with existing reserve policy
  - 90 days of operating expenditures



# Financial Plan – *Survey Comparison*

- Why may rates differ?
  - In-house vs Contracted Collection Services
  - Level of Service Varies by Entity
    - Cart Sizes
    - Bulky Item Collection
    - Recycling Collection
    - Frequency of Collection
    - Yard Trash Collection
  - Enterprise Fund vs General Fund



\*Amounts shown above represent rates in effect as of October 2025.

\*\*City of Jacksonville rates are set increase to \$29.50/month in 2026 and \$32.00/month in 2027.

\*\*\*Proposed FY26 rate includes \$8.08/month per single family residence for curbside single-stream recycling.

# 4. Compactor Fees



## Compactor Fees: *Objectives*

- Develop new compactor fees for a service not previously offered by the City
- Reflect the cost of providing service, including staffing, equipment, and administrative overhead
- Includes rental cost recovery for City-provided compactors

# Compactor Fees: *Average Cost per Pull*

- Calculated direct hourly service costs
  - Labor costs per hour
  - Truck costs per hour (based on FEMA estimates)
    - Includes fuel, supplies, maintenance, and depreciation
- Included 22.5% for overhead including:
  - 15.0% - General Fund Transfer
  - 7.5% - Administrative Allowance for Supervisory, Insurance, etc.
- Determined total costs per pull based on service time and full cost recovery

| Description                     | FY2026*  |
|---------------------------------|----------|
| Direct Costs per Hour           | \$106.21 |
| Hours to Service/Pull Compactor | 1.50     |
| Subtotal Direct Costs per Pull  | \$159.32 |
| Overhead                        | \$35.89  |
| Total Costs per Pull            | \$195.21 |

\*Note: Disposal costs will be billed to each customer based on the actual quantity by weight of material disposed at the City's prevailing tip fee.

# Compactor Fees: *Container Rental Costs*

- Developed rental rates for City-provided compactors as part of the new service line
- Based on estimated equipment cost, service life, and 3.0% interest rate
- Designed to recover full cost of ownership over each unit's useful life

| Description         | 20 CY      |
|---------------------|------------|
| Cost per Compactor  | \$52,000   |
| Service Life (yrs)  | 20         |
| Interest Rate       | 3.0%       |
| Annual Rental Rate  | \$3,495.22 |
| Monthly Rental Rate | \$291.27   |

| Description         | 34 CY      |
|---------------------|------------|
| Cost per Compactor  | \$55,000   |
| Service Life (yrs)  | 20         |
| Interest Rate       | 3.0%       |
| Annual Rental Rate  | \$3,696.86 |
| Monthly Rental Rate | \$308.07   |

# Compactor Fees: *Proposed Fees*

- Establishes cost-based fees for new City-provided compactor service
- Rates are designed to recover the full cost of providing service and equipment over time
- Disposal costs are to be passed through directly to customers based on actual costs incurred

| Description               | FY2026             |
|---------------------------|--------------------|
| Rate per Compactor Pull   | \$195.21           |
| Monthly 20 CY Rental Rate | \$291.27           |
| Monthly 34 CY Rental Rate | \$308.07           |
| Disposal Costs*           | Prevailing Tip Fee |

\*Note: Disposal costs will be billed to each customer based on the actual quantity by weight of material disposed at the City's prevailing tip fee.

# 5. Findings & Recommendations



# Findings & Recommendations Summary

- Recommendations for Consideration:
  - 2-year phased rate plan
    - FY26 (eff. Jan 1<sup>st</sup>) and FY27 (eff. Oct 1<sup>st</sup>)
  - Automatic annual index thereafter
    - starting FY28 (eff. Oct 1<sup>st</sup>)
    - tied to BLS CPI Garbage / Trash Index
  - Proposed Compactor Service Fees
- Plan results in compliance with all policy goals and fully funds CIP
- Continue annual evaluations to ensure rate adjustments remain adequate and COS every 3 to 5 years



Image credit: <https://www.ocala.com/>

Q&A

# Thank you!

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