



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



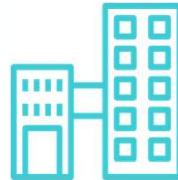
Background – *Customers*

Customer Accounts	Tonnages
17,371 Residential	68,560 Garbage
3,685 Commercial	3,300 Recycling
8,397 Multi-Family	
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29,453	71,860

Background – *2025 Customer Satisfaction Survey Results*

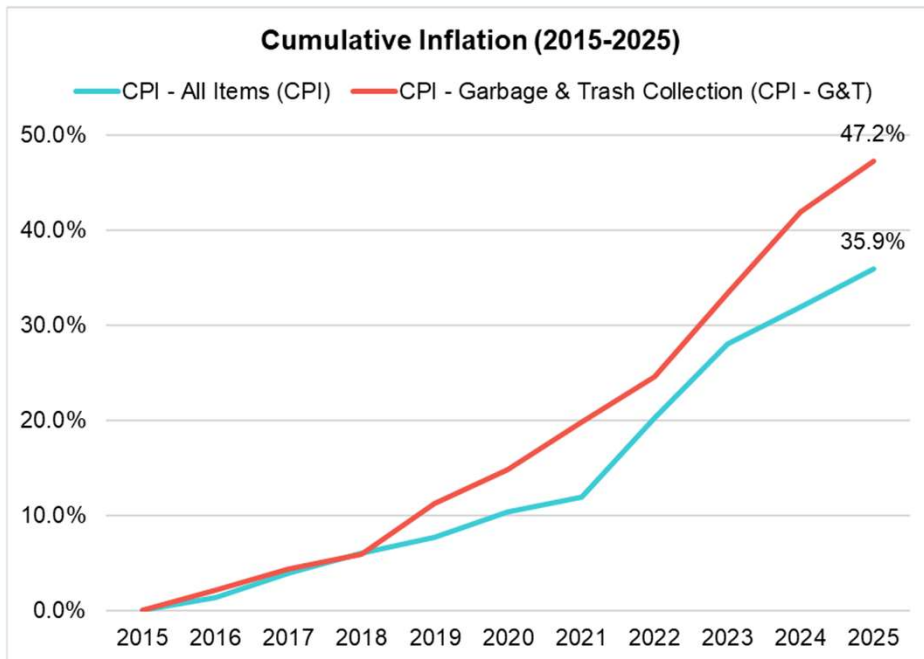


100.00% Residential

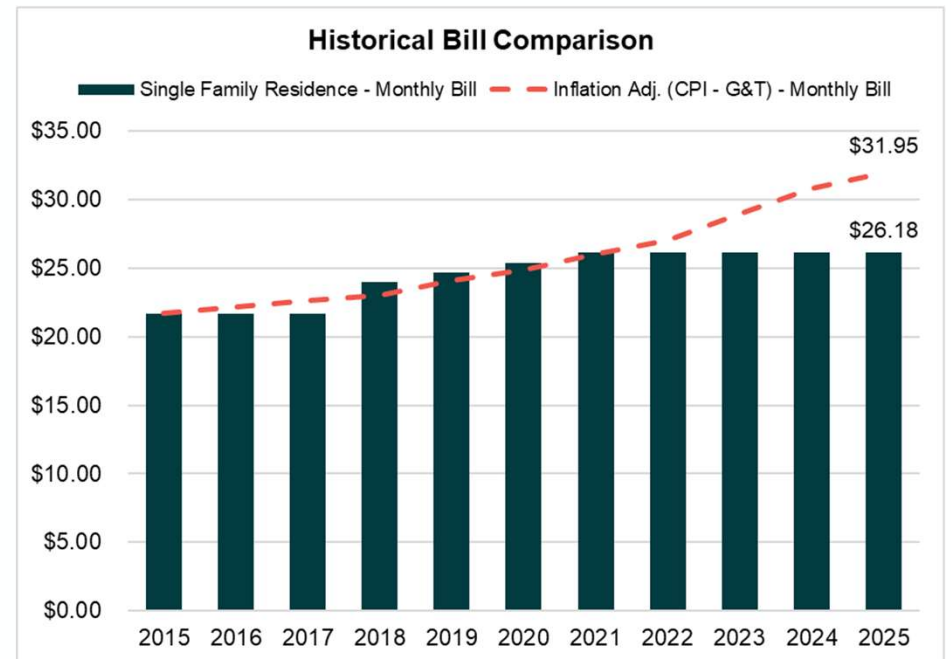


98.21% Commercial

Background – *Inflation*



Source: U.S. Bureau of Labor Statistics, www.bls.gov



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



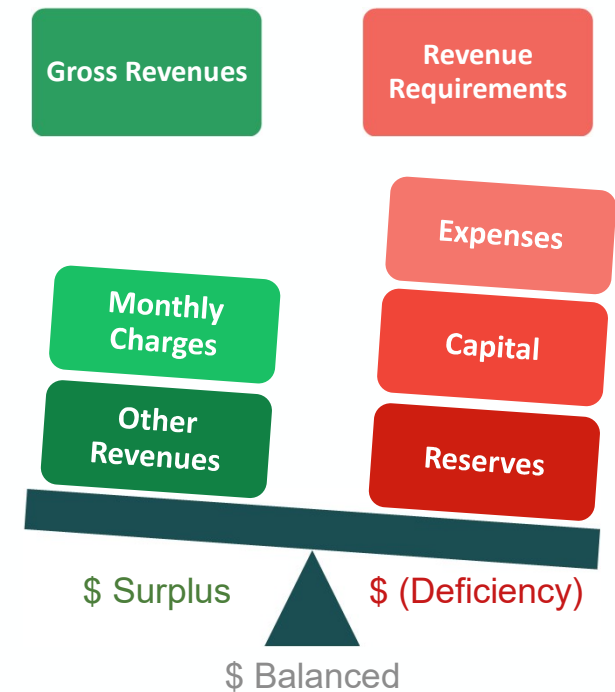
Methodology & Model

- 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

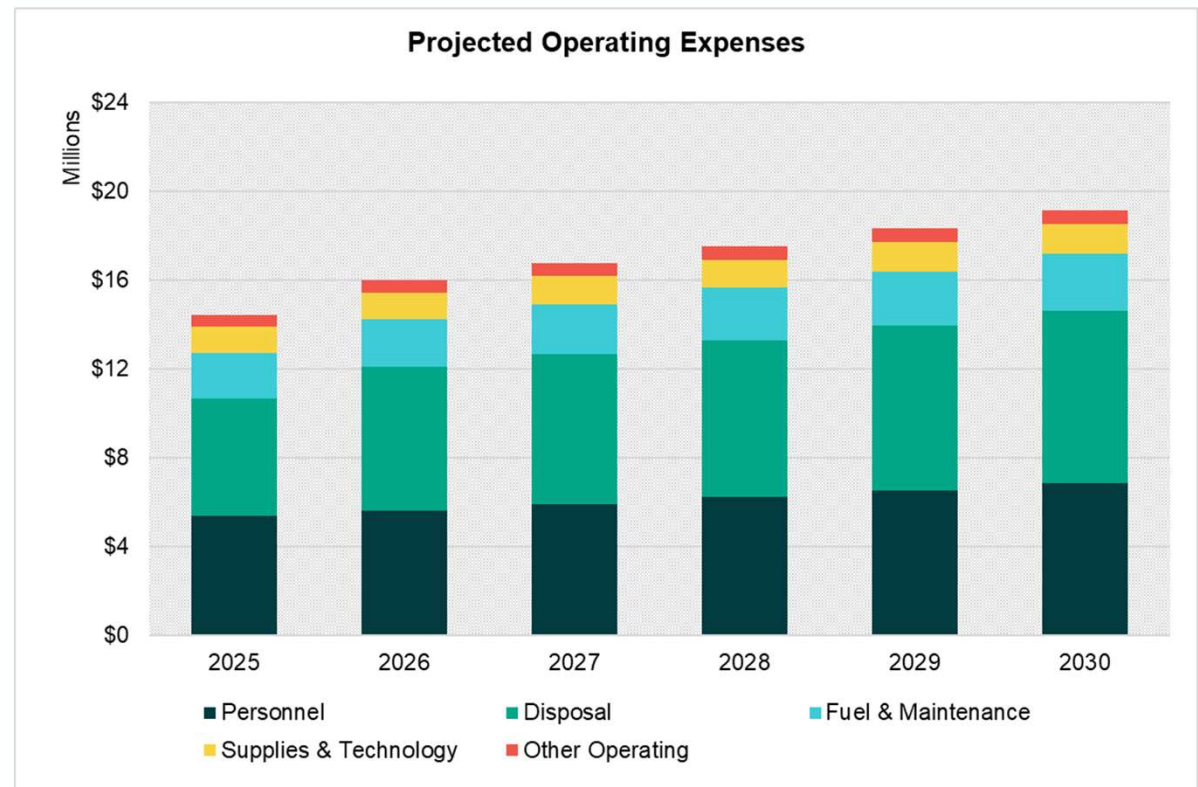


3. Financial Plan



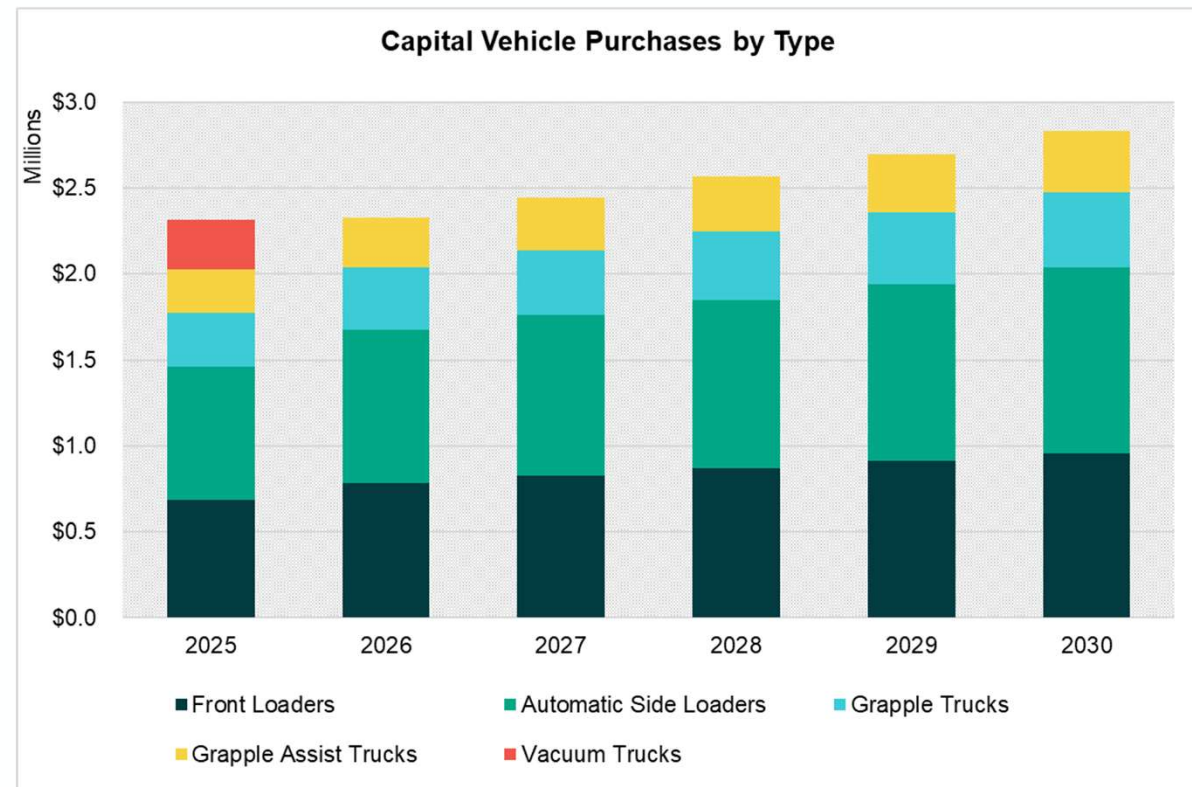
Financial Plan – *Operating Expenses*

- 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



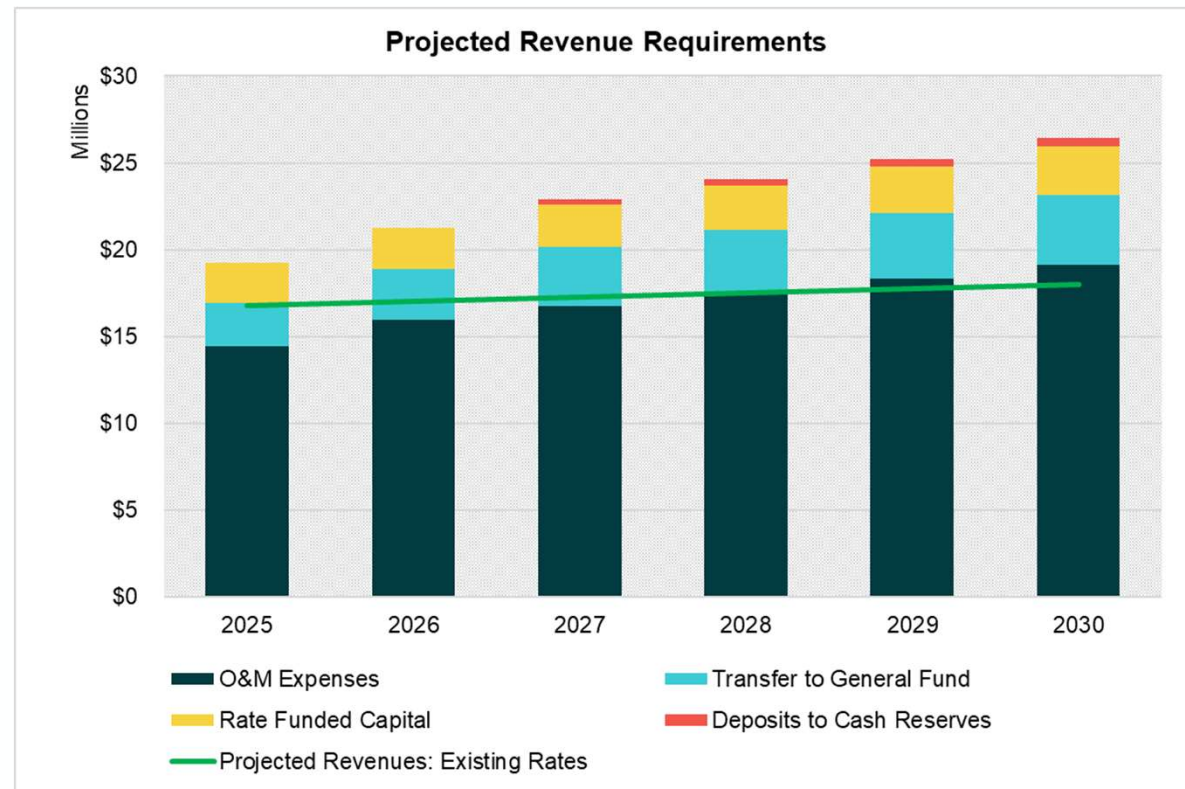
Financial Plan – *Capital Plan*

- 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



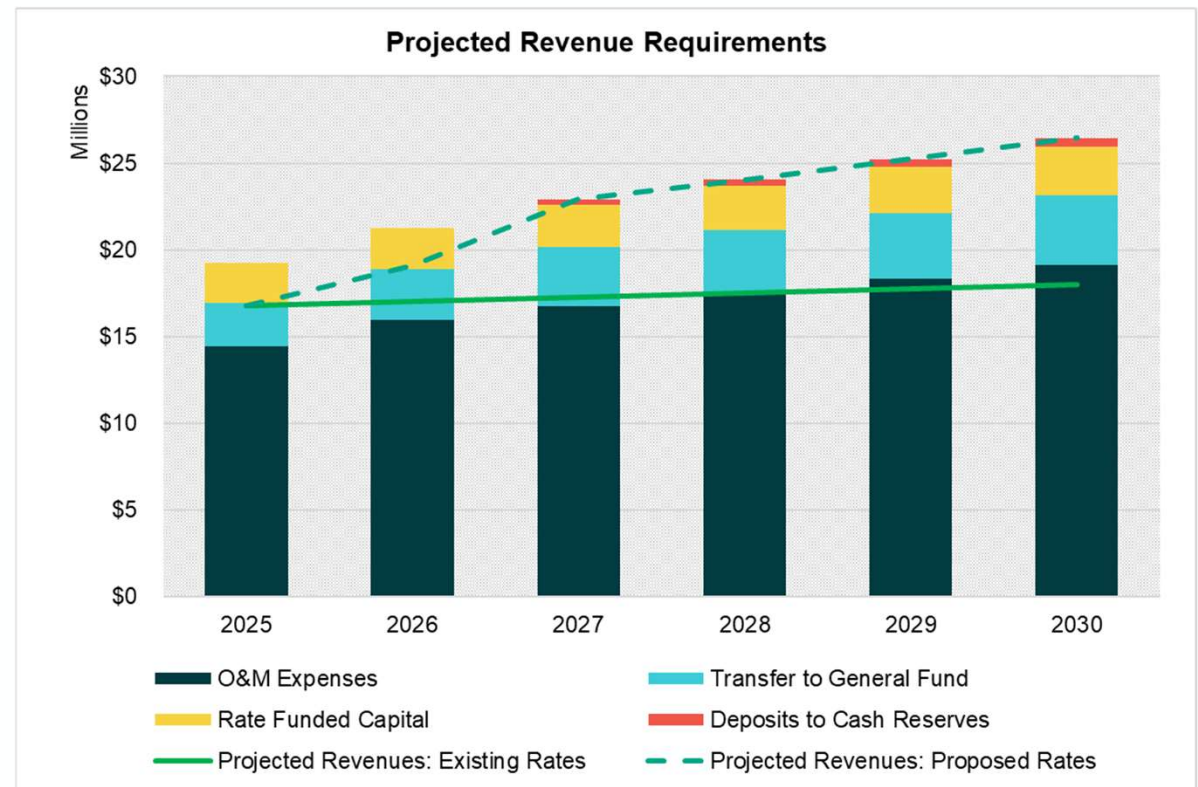
Financial Plan – *Existing Revenues*

- 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	\$26.18	\$30.48	\$34.78	\$36.00	\$37.26	\$38.56
Change (\$)		\$4.30	\$4.30	\$1.22	\$1.26	\$1.30
Multi-Family Monthly Bill	\$18.94	\$22.05	\$25.16	\$26.04	\$26.95	\$27.89
Change (\$)		\$3.11	\$3.11	\$0.88	\$0.91	\$0.94
Trinity Villas Monthly Bill	\$14.78	\$17.21	\$19.64	\$20.33	\$21.04	\$21.78
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*

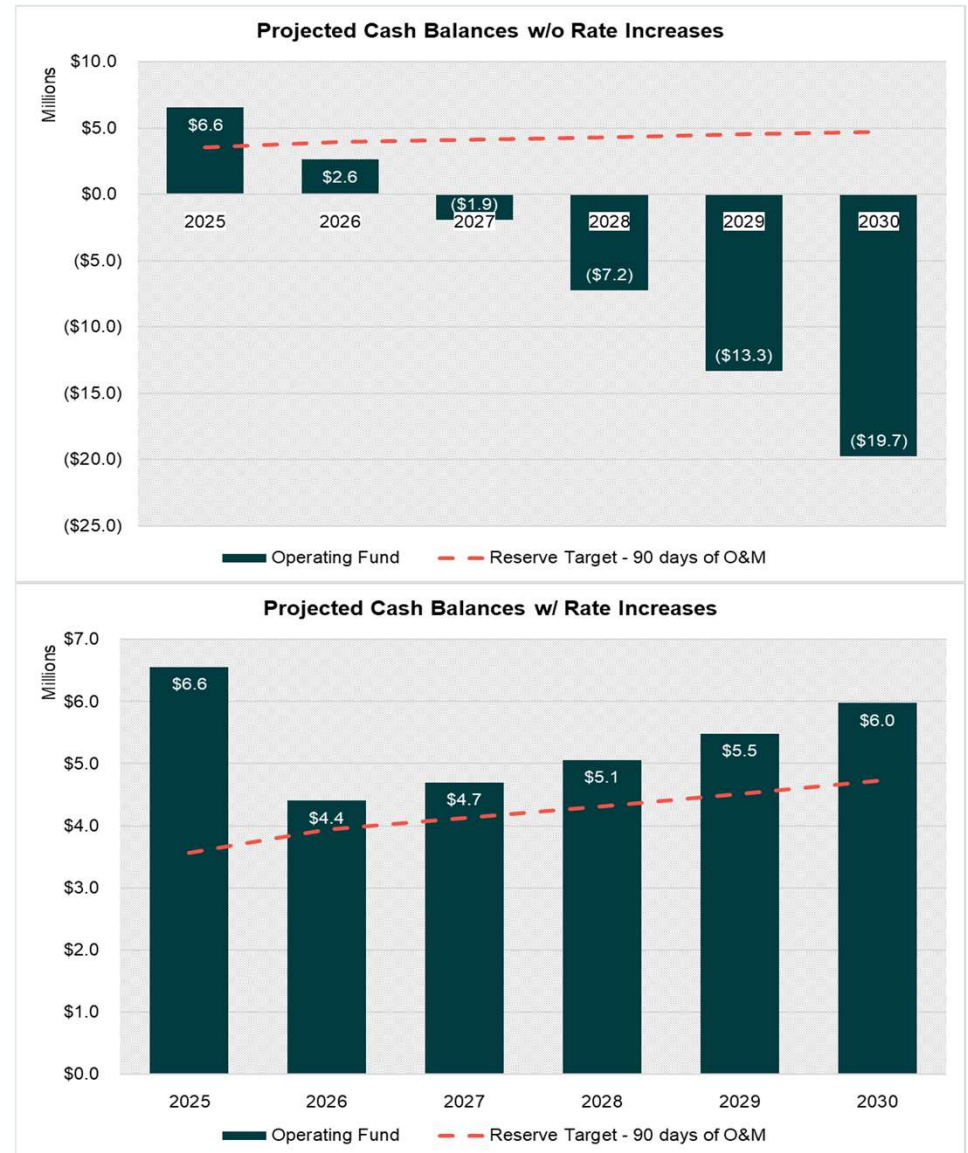
- Rates shown represent 87% of commercial customer base

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

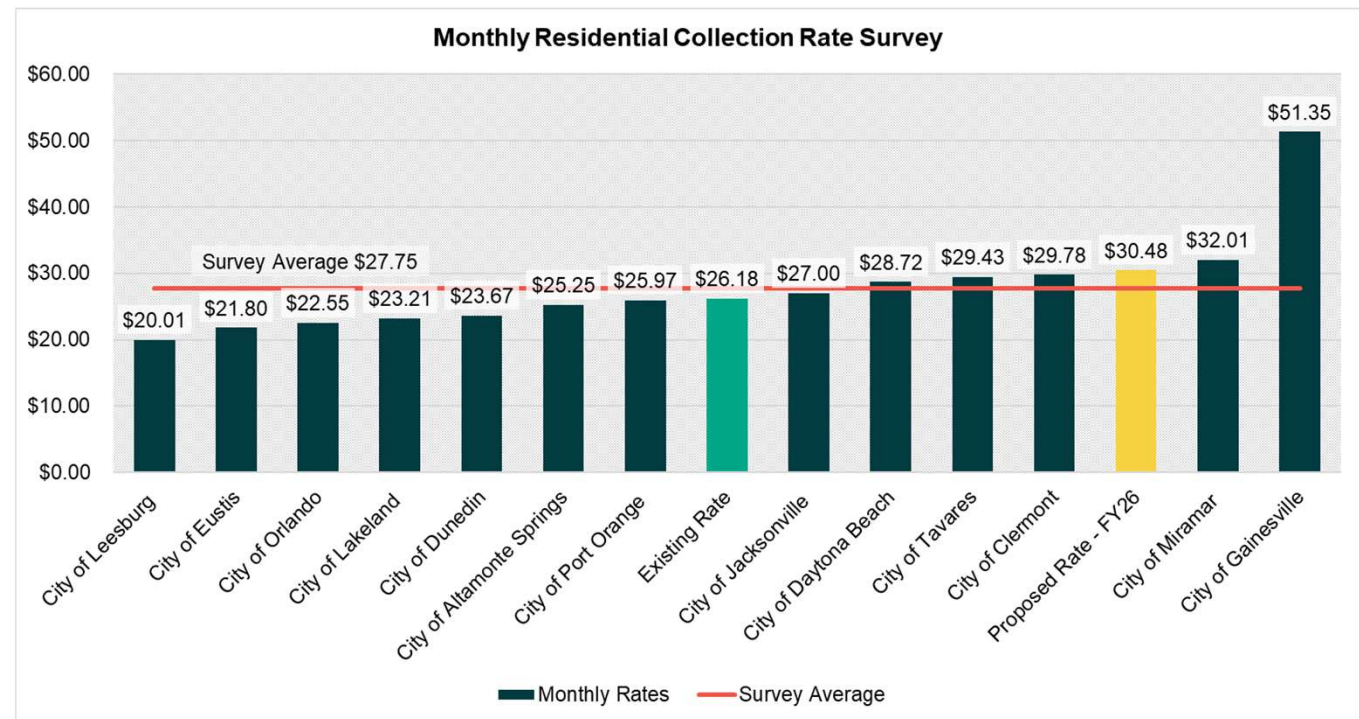
Financial Plan – *Cash Balances*

- 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 1st) and FY27 (eff. Oct 1st)
 - Automatic annual index thereafter
 - starting FY28 (eff. Oct 1st)
 - 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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