

## ISSUE #3

**Road Maintenance Costs****Discussion**

The Solid Waste Management Act of 1988 strongly encourages local governments to recover the full cost of their solid waste management systems through user fees. In 1993, based on this principle of full cost recovery, the City Commission established by Resolution R-93-5 the authority to transfer funds from the Solid Waste Enterprise Fund to the General Fund to offset the costs of residential road maintenance.

Based on a documented analysis of the estimated annual costs associated with solid waste trucks driving on residential streets in the City, an annual amount of \$600,000 was established. This annual amount has not been changed since that time. Currently, \$300,000 is transferred to the City's General Fund and \$300,000 is transferred to the City's Capital Projects Fund for the purpose of offsetting road maintenance costs associated with the provision of residential solid waste services.

**Conclusion**

Costs associated with maintaining residential streets have increased significantly since this resolution was approved in 1993. At the same time, the City has annexed many residential areas, increasing the areas that the City Public Works Department is responsible for maintaining. However, the \$600,000 per year transfer from the solid waste system to offset the costs of road maintenance has not been reevaluated or increased.

**Recommendation**

We recommend management evaluate the methodology established in 1993 to calculate road maintenance costs associated with providing residential solid waste collection services and determine if annual allocations should be changed to reflect current cost factors and inventory of residential streets. If additional amounts are necessary to reflect current estimated costs, consideration should be given to phasing these additional costs into future annual budgets of the Solid Waste Enterprise Fund.

On May 10, 2011, the Public Works Director submitted a memo to the Mayor and members of the City Commission analyzing estimated current costs related to road maintenance (see Attachment A). This analysis indicated that estimated annual amounts for road maintenance costs associated with providing residential solid waste services total approximately \$1.7 million based on the methodology utilized in 1993 with updated rates and inventory of City residential streets.

**Management's Response**

As stated above, staff has already submitted a memo to the City Commission on this issue.