
RESOLUTION PROPOSAL

DATE: June 24, 2010

SUBJECT: Setting the Improved Property Fee

SPONSOR: Treas. Harrison

BACKGROUND INFORMATION:

On July 1, 2010, LMOA negotiated and awarded a new contract for solid waste collection and disposal as a three-year fixed price contract. Approximately 4,155 residences participate in this service. Service is also provided to LMOA common area properties, but is paid for from overall member dues and fees out of the Operations budget. The residential Improved Property Fee (IPF) covers the following services and costs:

1. Residential waste collection and disposal.
2. Snow removal and ice treatments of roadways and parking.
3. Leaf and other debris disposal at an identified site on LMOA property.
4. Periodic disposal dumpsters for community cleanups.
5. Storm recovery for roads and right of ways for clearing debris.
6. Overtime for staff and the cost of such equipment and contractor services needed to supplement staff.

Setting the rate for the IPF is the actual cost of waste collection and disposal (\$159) plus an additional charge to cover the other services. Residents are currently paying \$150 per year, even though under the previous contract it was costing \$159 for waste disposal and recycling. This \$9 shortfall, snow removal and other IPF services were funded from excess funds in the IPF account that are nearly consumed by the record snowfall in January and the cleanup that followed. The new waste collection and disposal contract includes the periodic use of dumpsters for community cleanups.

Past history on the IPF relating to snow removal costs is as follows:

2000	\$7,793.52
2001	5,020.00
2002	13,615.74
2003	28,444.60
2004	19,123.94
2005	59,813.63
2006	7,429.57
2007	10,301.98
2008	16,998.32
2009	34,107.32
2010	117,249.34 (YTD April)

By throwing out the record storm of 2010 and the lowest cost season (2001) and averaging the remaining 9 years, the snow removal cost to residents averaged \$5.28 per year (4,155 homes). In 2009, LMOA aggregated leaves and hauled them to a composting operation at a cost of \$9,000, for a per resident cost of \$2.17.

TAB 11.1

The IPF should be set at the sum of these improved property costs (\$159 + \$5.28 + \$2.17) or at least \$166.45. It is therefore recommended that the IPF should be increased from \$150 to \$167, effective January 1, 2011.

STAFF RECOMMENDATION: Concur

PROPOSED FINANCIAL IMPACT: The current waste collection and disposal is costing LMOA \$9.00 per year per improved lot more than the residents are currently paying as we continue to deplete the IPF balance. In 2010, LMOA expects to collect \$623,004 in fees and had a carryover balance of \$158,403, for a total available planning number for 2010 of \$781,407. Residential pickup for the year in actual cost is \$159 x 4,155 homes, or \$660,645. Snow removal and recovery (through April) has cost \$117,249. Therefore, the sum of the residential waste collection and the cost of weather is \$777,894. This will leave a balance in the IPF of approximately \$3,500 at year end, assuming no significant weather events. \$3,500 is insufficient to stockpile materials for the winter of 2010-2011 so some Operations funding will be needed to cover material costs with a payback out of the 2011 receipts from the IPF.

PROPOSED SOURCE OF FUNDING: IPF current balance.

STRATEGIC PLAN REFERENCE: NA

POSSIBLE MOTION:

Move that the Board of Directors adopt a new Improved Property Fee in the amount of \$167 effective January 1, 2011.

PERSON RESPONSIBLE FOR FOLLOW-UP: General Manager