

# SOLID WASTE FINANCIAL FORECAST AND RATE STUDY UPDATE

PRESENTATION TO THE RATE REVIEW SUBCOMMITTEE OF THE TECHNICAL MANAGEMENT COMMITTEE

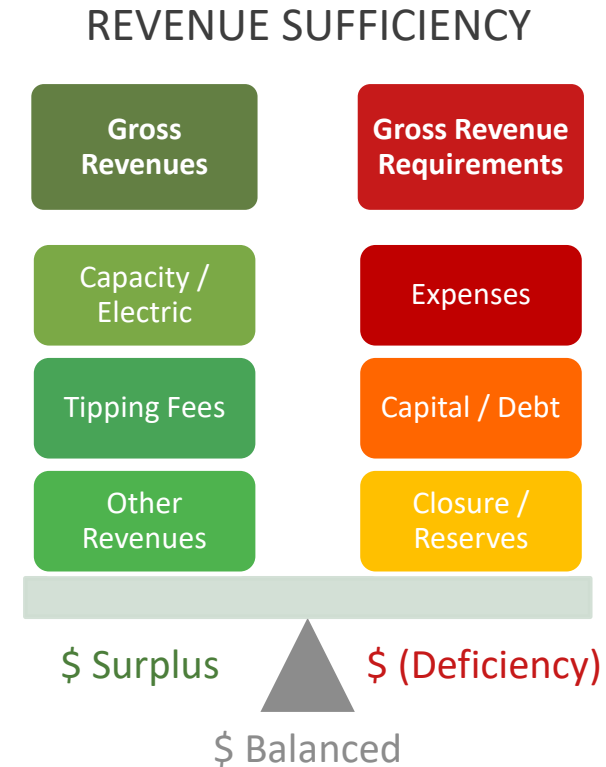
JANUARY 27, 2021



Presentation by:  
 RAFTELIS

# SCOPE AND METHODOLOGY

- Scope
  - Raftelis tasked to update 30-Year financial forecast model
  - Present findings to Staff, Technical Management Committee (TMC) members, and the Board of County Commissioners (BCC)
- Methodology
  - Data driven process
  - Examined contractual arrangements
  - Establish financial targets / parameters
  - Trends → assumptions → forecasts
  - Revenue sufficiency and rate adjustments
  - Rate phasing



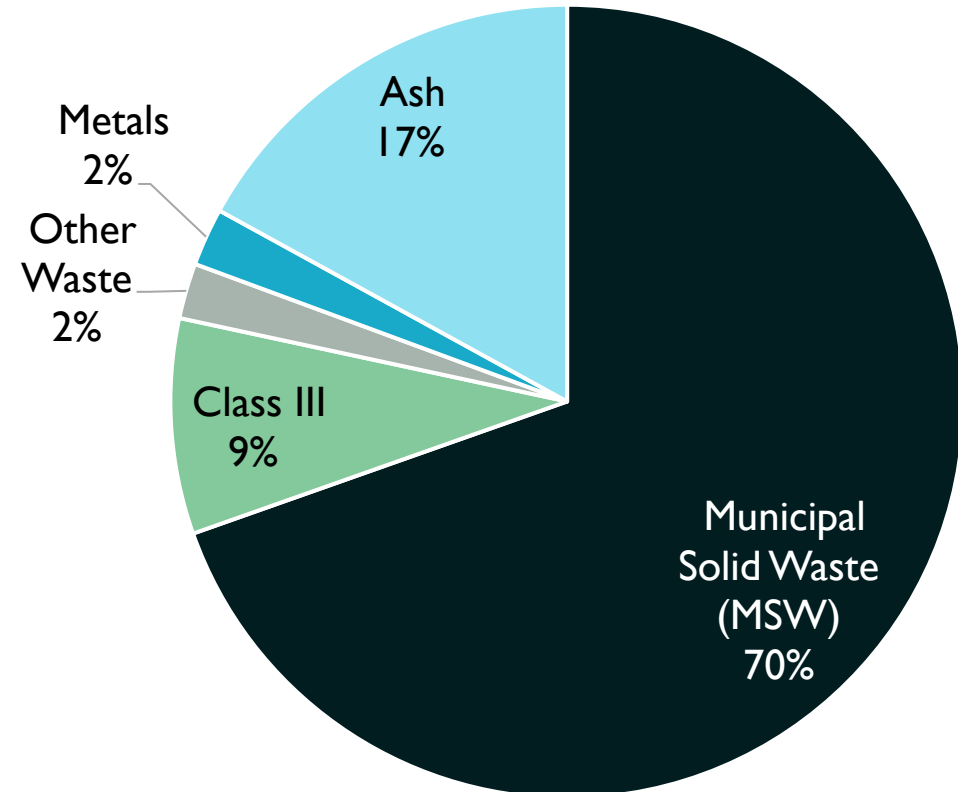
# WHAT HAS AND HAS NOT CHANGED

- What has changed since the last Study
  - Rate increases implemented for fiscal year 2021 (2<sup>nd</sup> increase in 3-year rate plan)
  - Lower than projected waste deliveries for fiscal year 2020 due to COVID
  - Decrease in metal and energy sales revenues
  - Updated for current operating and capital budget
- What has not changed
  - Major capital items associated with the Master Plan are not included in the Study
  - No update to the current Power Purchase Agreement (PPA) is assumed

# KEY ASSUMPTIONS - TONNAGE COMPOSITION AND GROWTH

- County processes approximately 1.3 million tons a year
  - Inbound waste = 1.0 million tons per year
    - Municipal solid waste (MSW), class III (yard waste, construction debris), tires, etc.
  - Processed by products = 0.3 million tons per year
    - Ash, recovered metals, etc.
- 2% reduction in tonnage was assumed in fiscal year 2021 due to COVID
  - Tonnage reduction based on March-October tons compared to fiscal year 2019
  - Tonnage expected to rebound to pre-COVID tons in fiscal year 2022

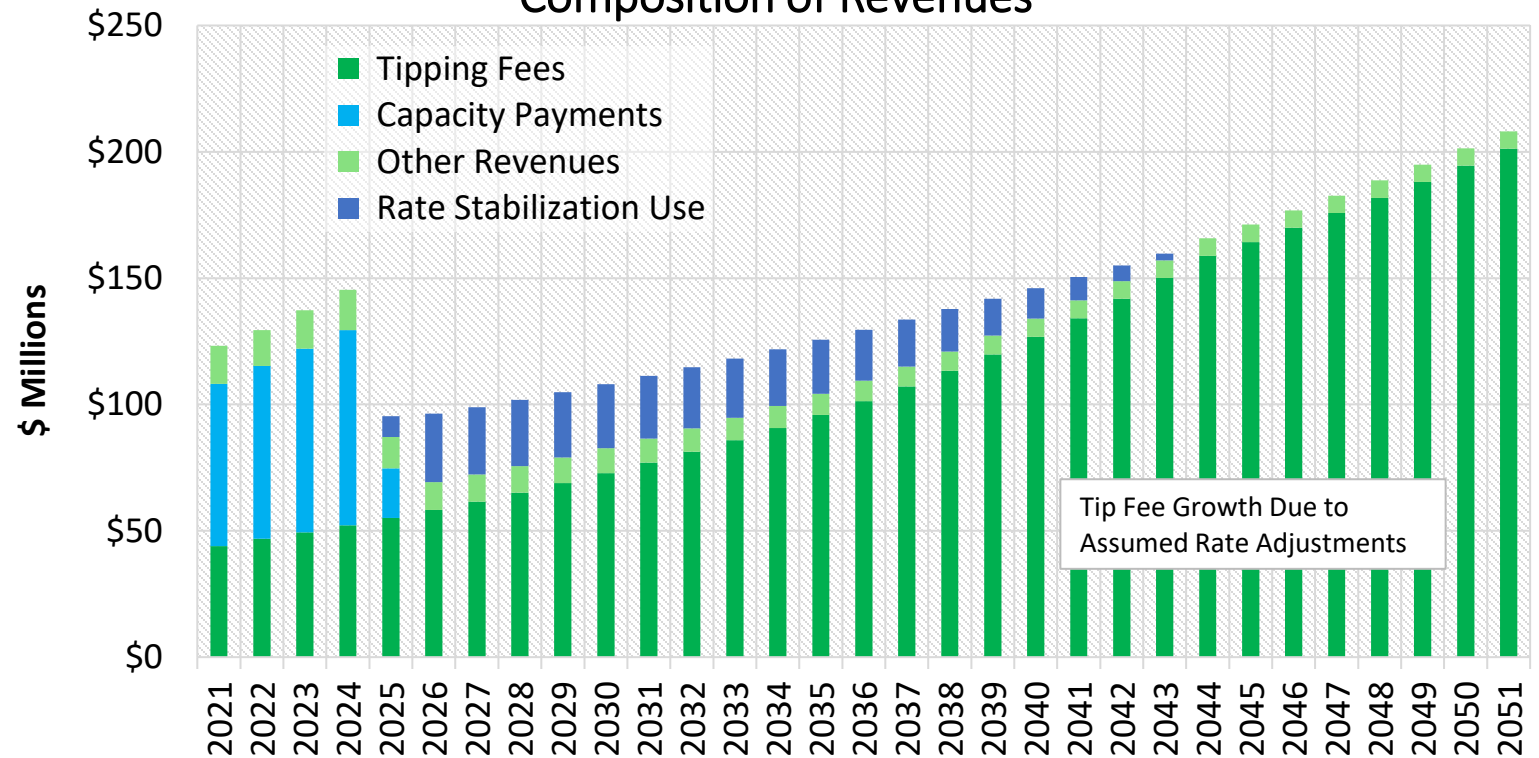
Processed Waste Composition - FY2021



# KEY ASSUMPTIONS - REVENUES

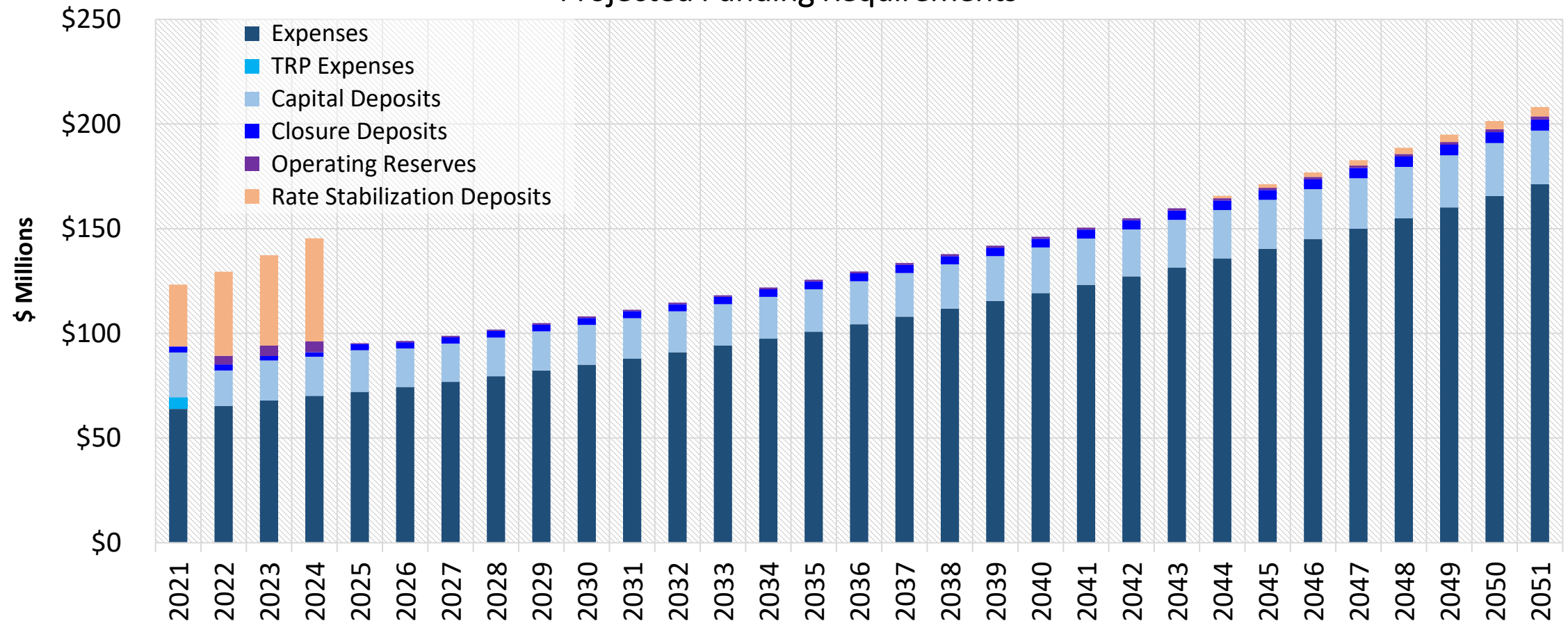
- Tipping fees
  - Capacity payments
  - Electricity sales
  - Metal recovery
  - Interest income
- Other Revenues

## Composition of Revenues



# KEY ASSUMPTIONS – PROJECTED REVENUE REQUIREMENTS

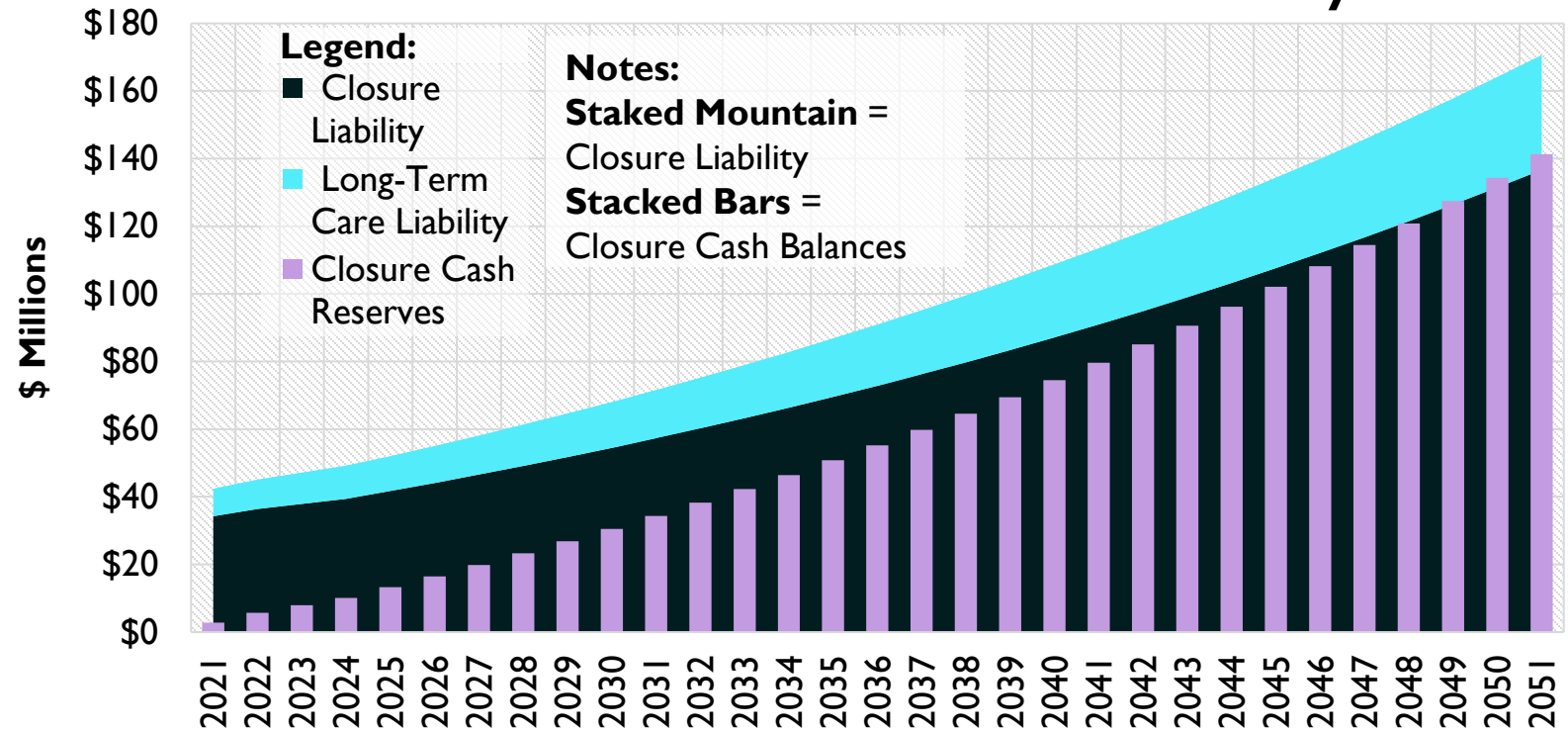
## Projected Funding Requirements



# KEY ASSUMPTIONS - CLOSURE AND POST-CLOSURE

- Plan to Fund Liability Over Time
  - Financial Test for financial assurance compliance
- Target: Fund closure Liability only
- No initial deposit
- Slope closures included in Capital Improvement Plan (CIP)

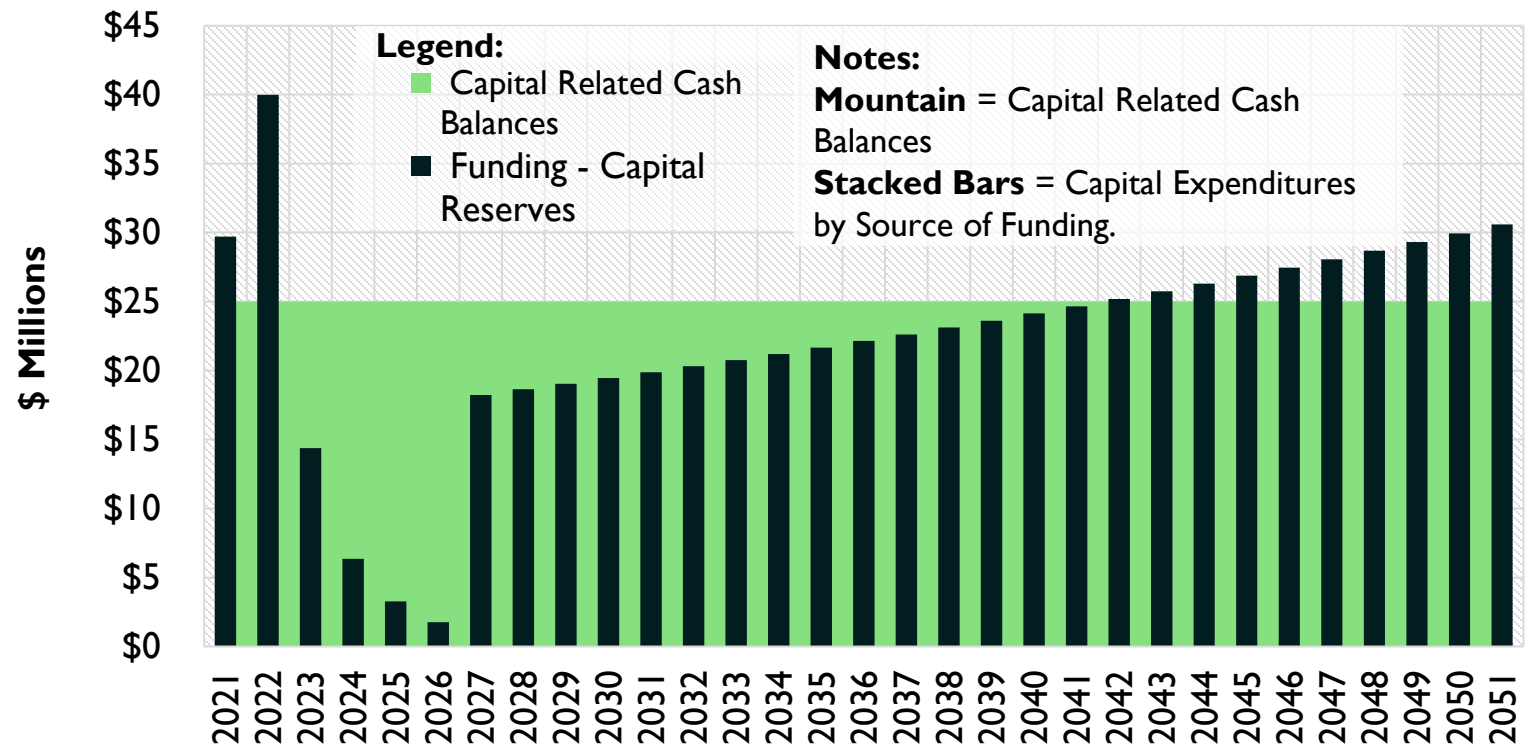
## Closure Fund Balance and Liability



# KEY ASSUMPTIONS - CAPITAL

- Proposed CIP FY21-26 = \$95.5m
- Top five projects \$58.5m:
  - TRP Essentially Completed / WTE Improvements = \$14.1m
  - Industrial Waste Treatment = \$12.8m
  - Slurry Wall = \$12.7m
  - Scale Replacement = \$10.9m
  - Side Slope Closures = \$8.0m
- Master Plan not reflected
- Assumed depreciation as proxy for capital needs after 2026
  - \$18 million annually escalated for inflation

## Capital Expenditures and Capital Reserve Balances



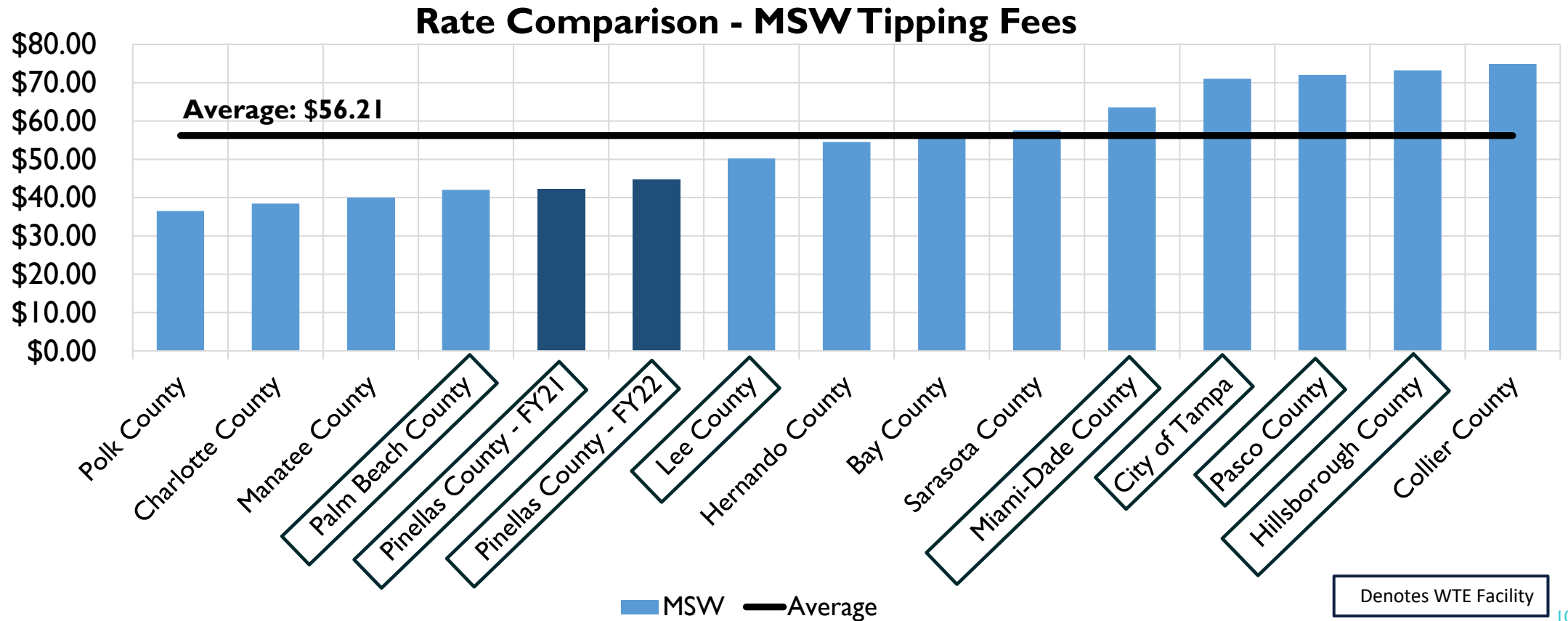


# FINDINGS

- Findings and Recommendations:
  - Currently on plan
  - Continue with adopted rates for FY22
  - TMC will make formal tip fee recommendation for FY22
  - The impact of the disposal cost increase to a single family resident generating 1 ton of waste per year may be \$2.55 annually or \$0.22 a month

<u>Tip Fee Recommendations</u>			
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Rate Adj. (%)	6.0%	6.0%	6.0%
Tip Fee (\$)	\$39.75	\$42.15	\$44.70
Change (\$)		\$2.40	\$2.55

# MSW TIPPING FEE COMPARISON



THANK YOU!  
DISCUSSIONS AND QUESTIONS

