

SOLID WASTE FINANCIAL FORECAST AND RATE STUDY

FEBRUARY 21, 2019

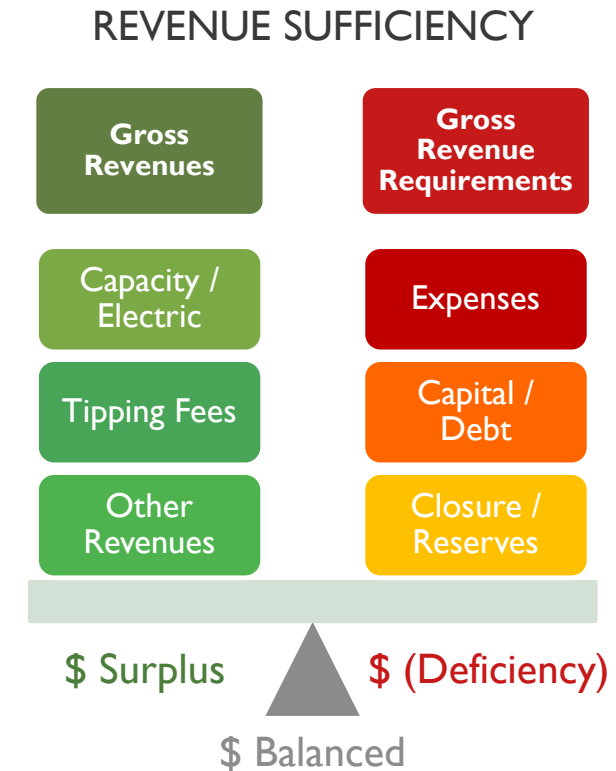


Presentation by:

**PR
MG**

PURPOSE AND SCOPE

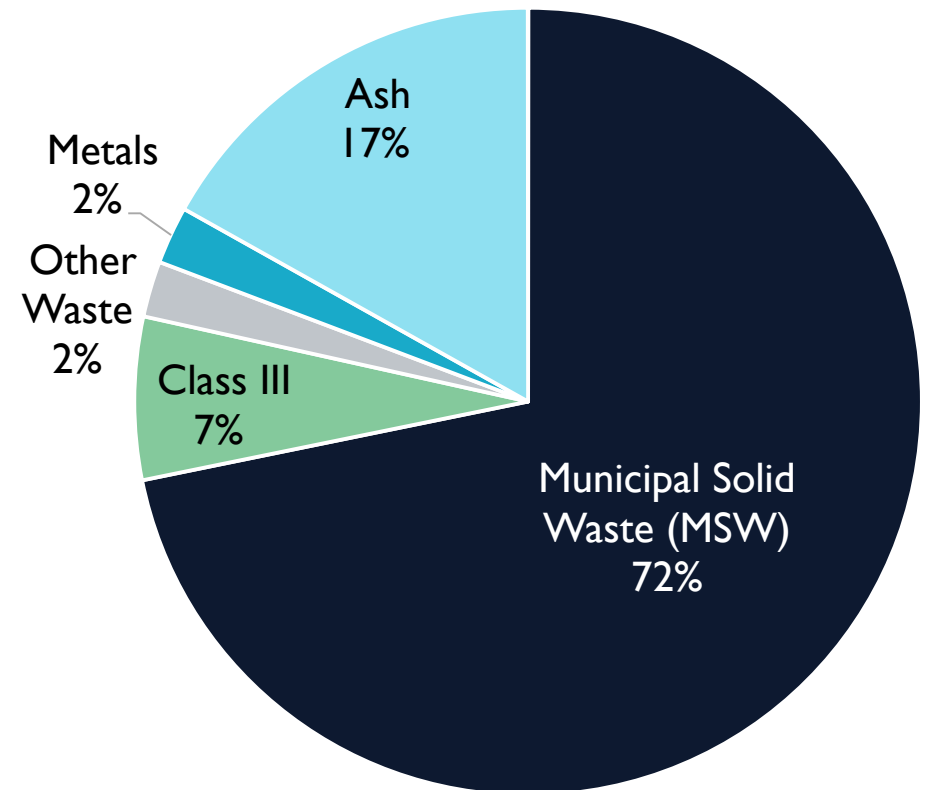
- PRMG Tasked to Develop 30-Year Financial Forecast Model
 - Evaluated Multiple Scenarios and Sensitivity Analyses
- Present Findings to Staff, Technical Management Committee (TMC) members and the Board of County Commissioners (BCC)
- Methodology:
 - Data Driven Process
 - Examined Contractual Arrangements
 - Establish Financial Targets / Parameters
 - Trends → Assumptions → Forecasts
 - Revenue Sufficiency & Rate Adjustments
 - Rate Phasing / Sensitivity Analyses



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, and Mulch
- No growth in waste deliveries were assumed during the forecast period

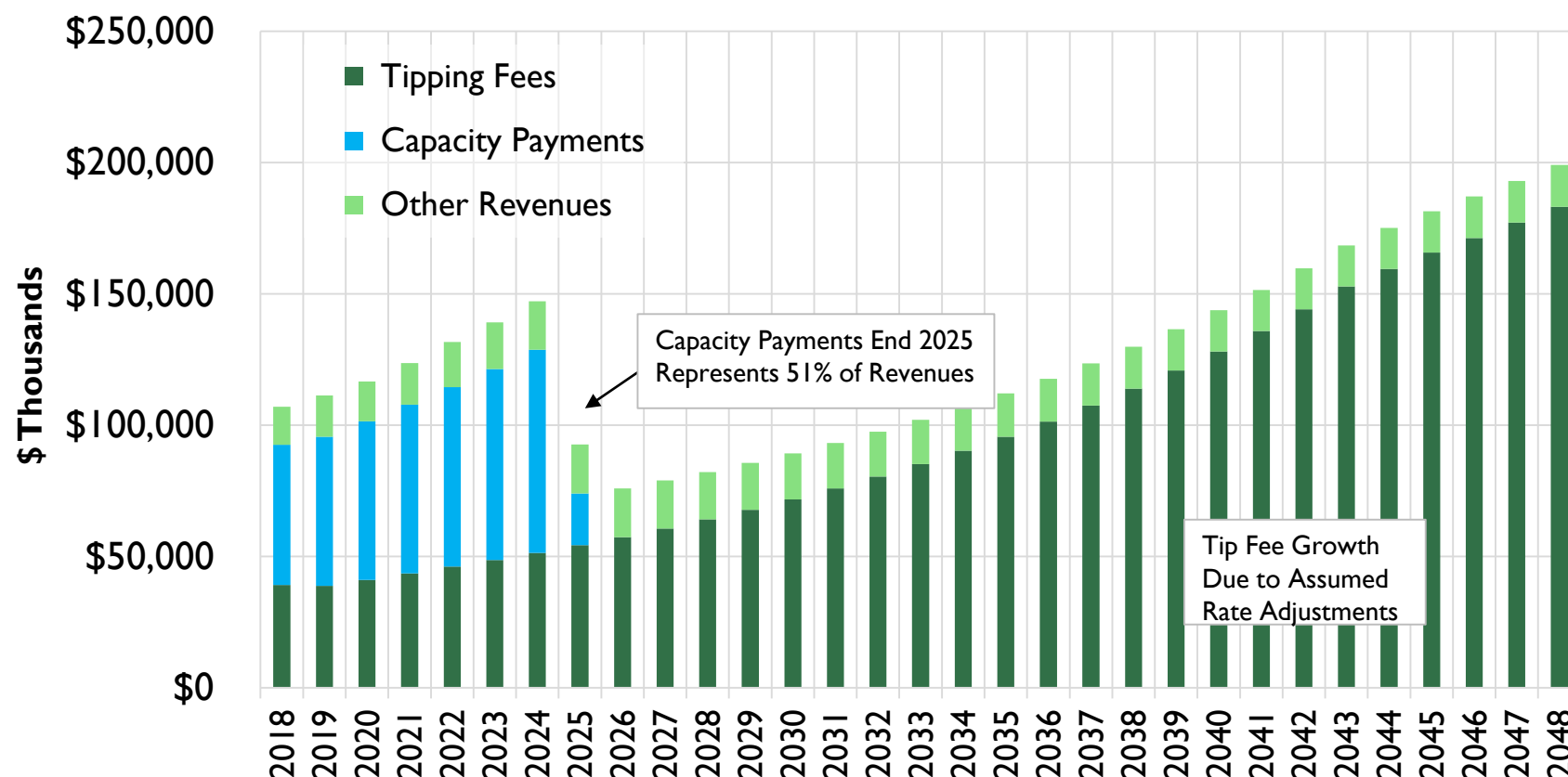
Processed Waste Composition - FY19



KEY ASSUMPTIONS - REVENUES

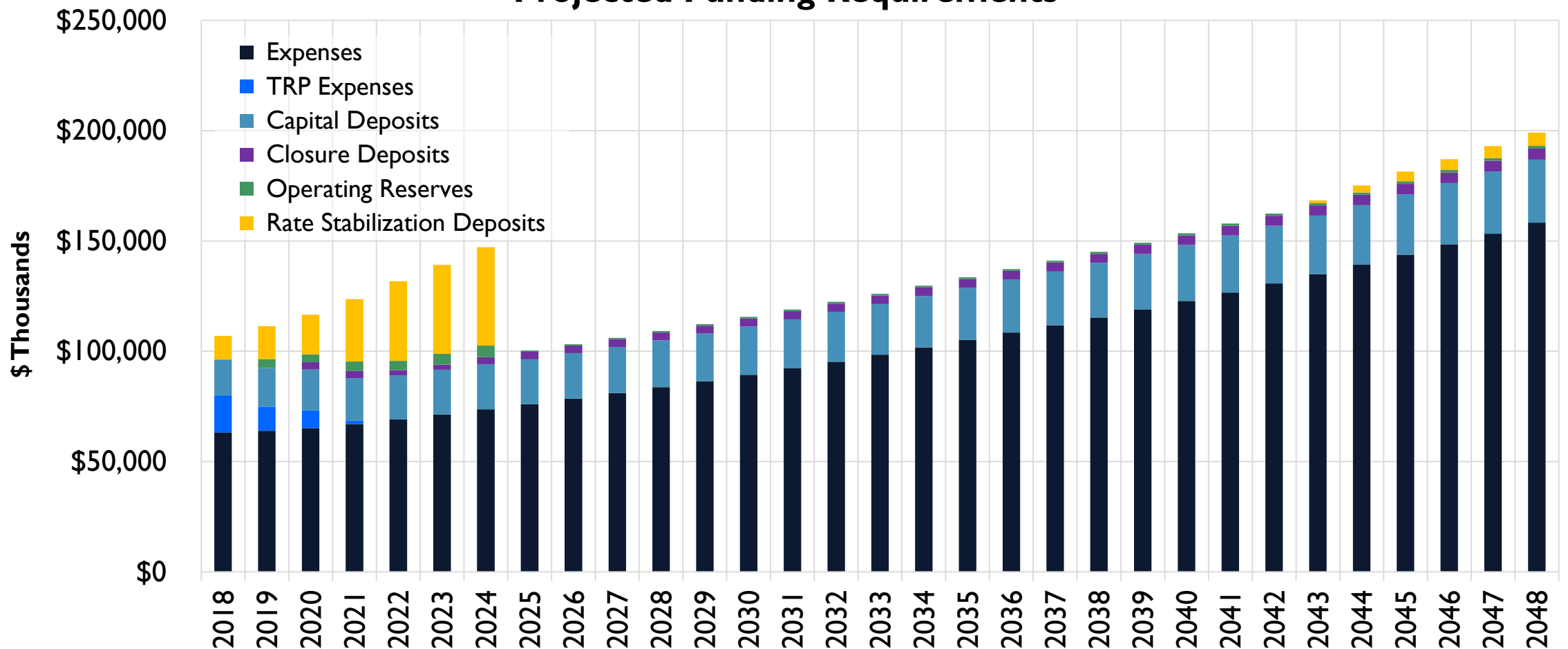
- Tipping Fees
 - Capacity Payments
 - Electricity Sales
 - Metal Recovery
 - Interest Income
- Other Revenues

Composition and Forecast of Revenues



KEY ASSUMPTIONS – PROJECTED REVENUE REQUIREMENTS

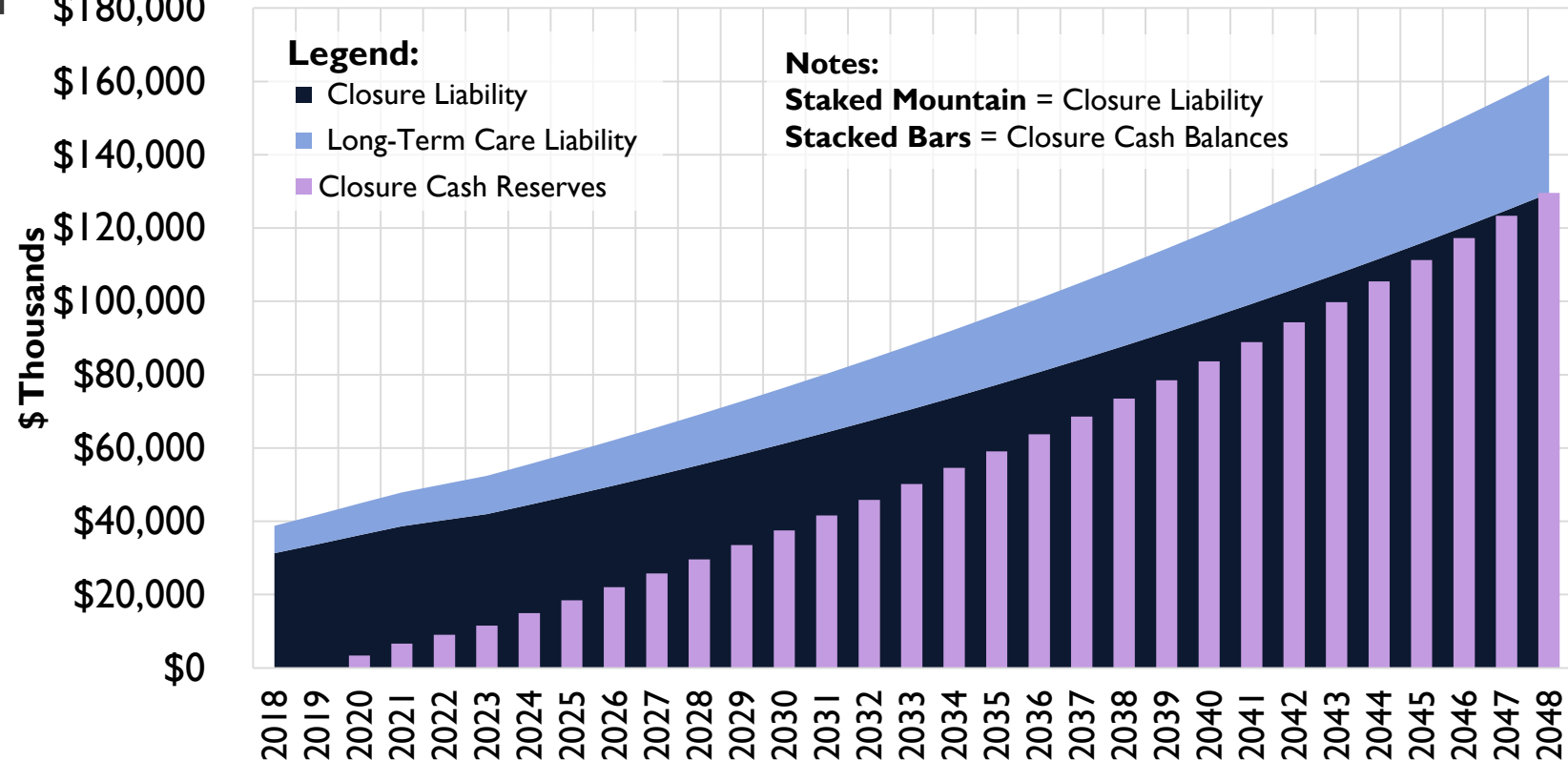
Projected Funding Requirements



KEY ASSUMPTIONS - CLOSURE AND POST-CLOSURE

- Liability Not Currently Funded
 - Financial Test for Financial Assurance Compliance
- Target: Fund Closure Liability Only
- No Initial Deposit

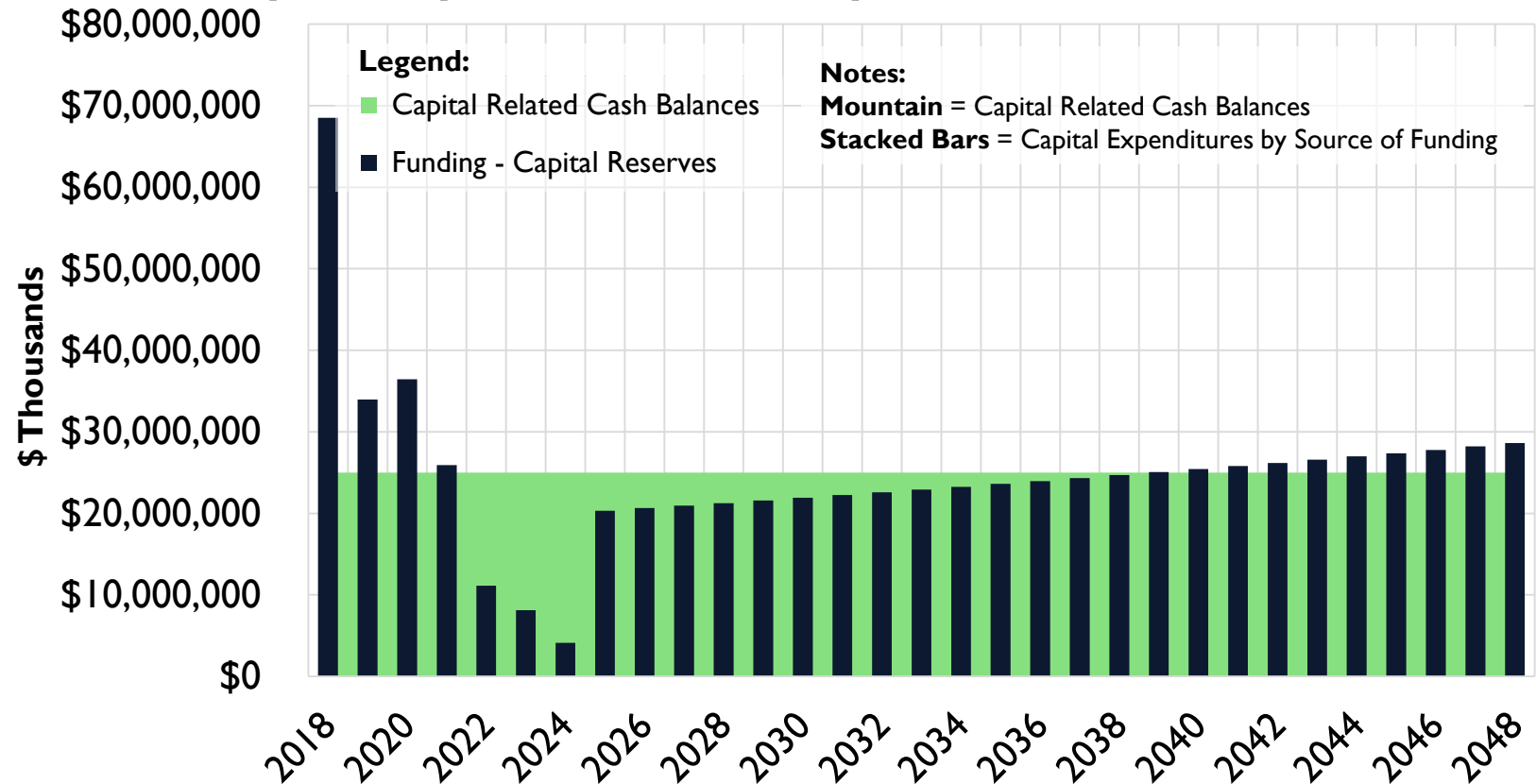
Closure Fund Balance and Liability



KEY ASSUMPTIONS - CAPITAL

- Proposed CIP FY18-24 = \$188.2m
- Top Five Projects \$125.0m:
 - Remaining Technical Recovery Program (TRP) = \$85.7m
 - Slurry Wall = \$13.0m
 - Closure Activities = \$10.0m
 - Scale Replacement = \$8.6m
 - Bridgeway Renewal and Replacement (R&R) = \$7.7m
- Master Plan in Process / Projects TBD
- Assumed Depreciation as Proxy for Capital Needs After 2024
 - \$20 million annually / Escalated for Inflation

Capital Expenditures and Capital Reserve Balances



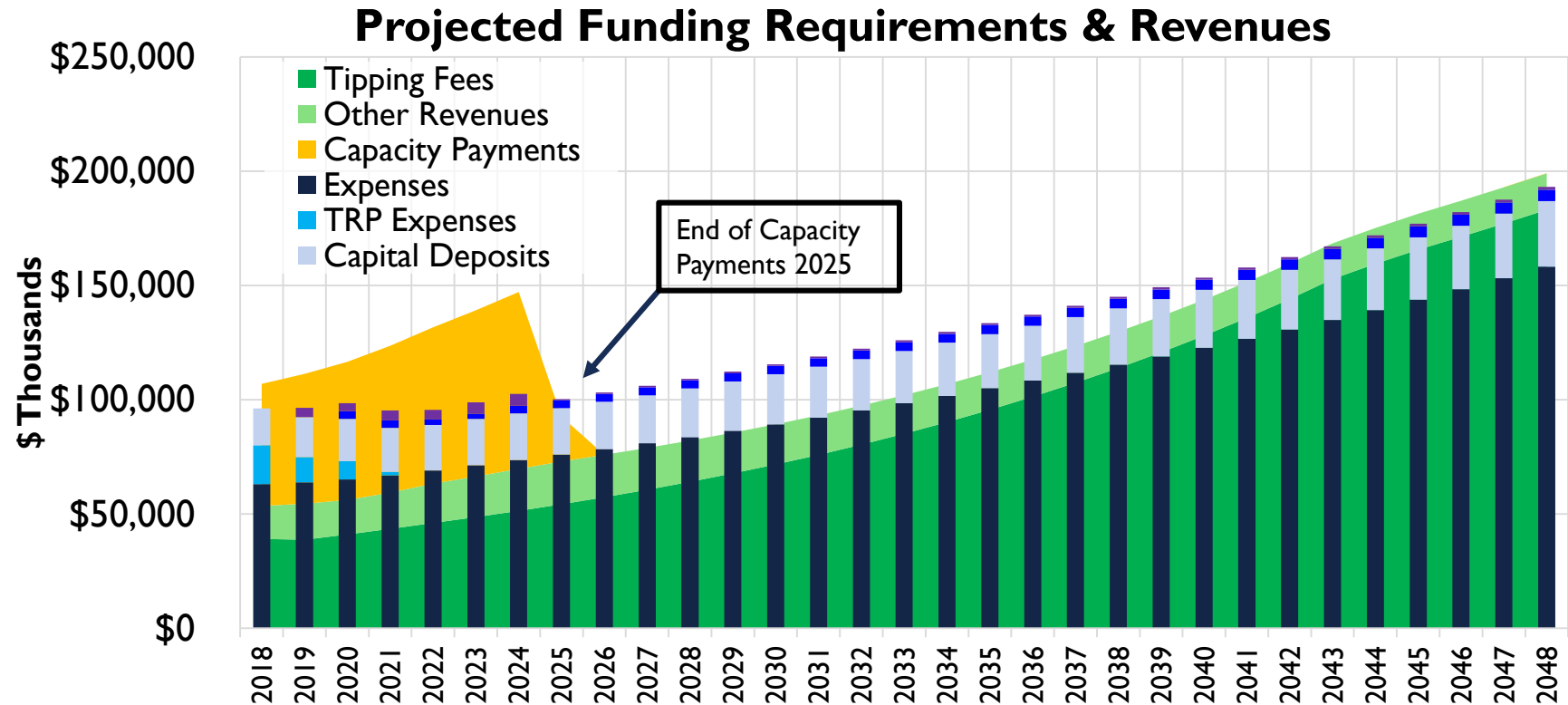
FINDINGS / SENSITIVITY

- Rate Phasing Scenarios:
 - Scenario 1: Begin in FY2020 w/ Steady Increases
 - Scenario 2: Begin in FY2025
(end of current Power Purchase Agreement or “PPA”)
 - Scenario 3: Defer until cash reserves are exhausted
(estimated FY2030)
 - Varying levels of rate increases necessary in all three scenarios, regardless of PPA outcome.
- TMC Recommendation:
 - Scenario 1 / Steady Increases
 - TMC will make formal Tip Fee recommendation for FY21 and FY22 during annual review process
 - Typical Residential Customer Generating 1 Ton of Waste per year may incur \$2.25 increase to disposal costs

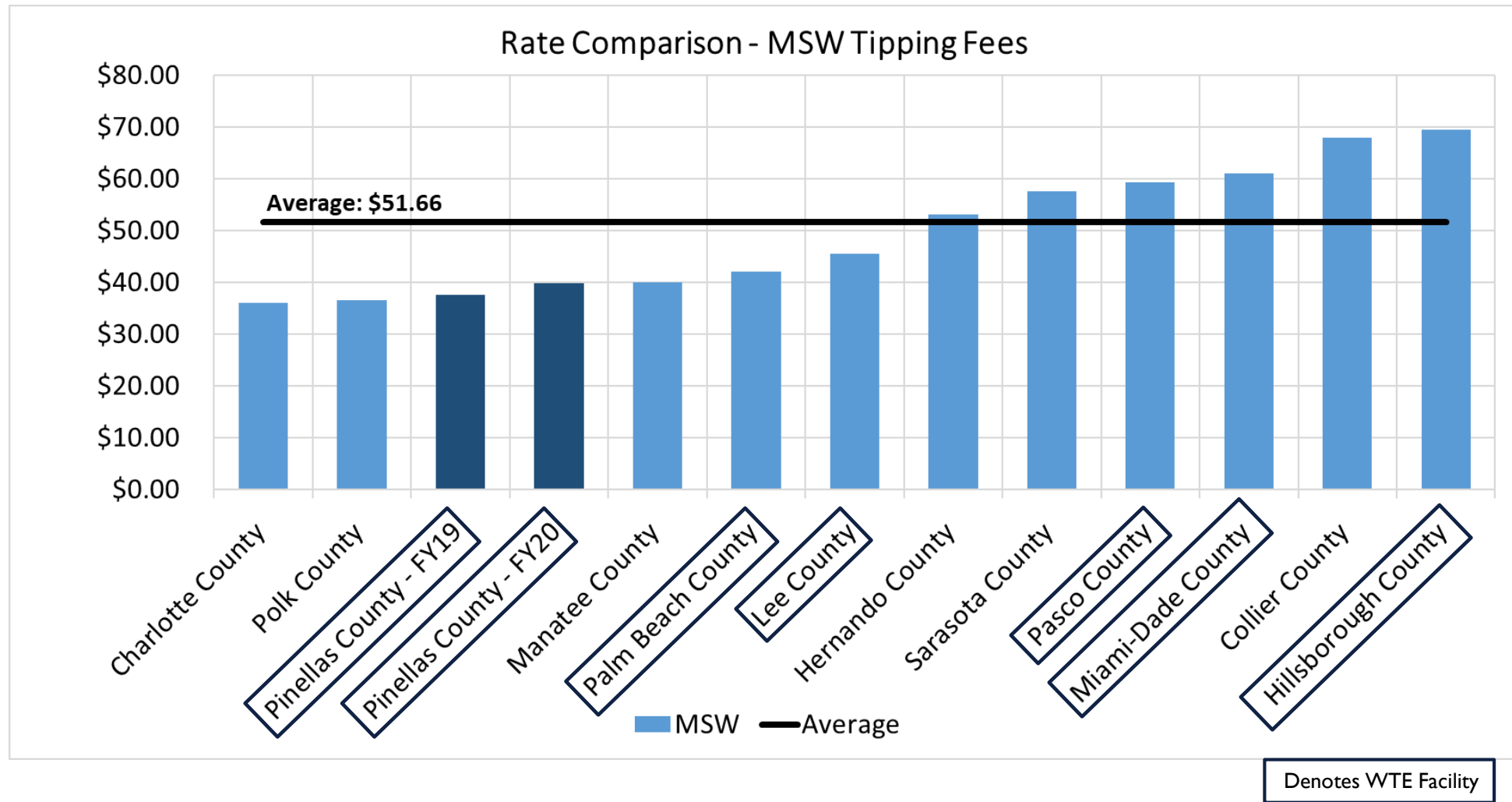
TMC - Tip Fee Recommendations				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Rate Adj. (%)		6.0%	6.0%	6.0%
Tip Fee (\$)	\$37.50	\$39.75	\$42.15	\$44.70
Change (\$)		\$2.25	\$2.40	\$2.55

FINDINGS / SENSITIVITY (CONT.)

- Recommendation Benefits:
 - Lower / Steady Annual Rate Adjustments
 - Increased Future Financial Flexibility
 - Tipping fees are more self-sufficient over time
 - Currently below cost
 - Capacity payments subsidize operations
 - Department is able to fund long-term liabilities (closure)



MSW FEE COMPARISON



THANK YOU DISCUSSIONS & QUESTIONS

Landfills

- 434k tons landfilled (including ash)
- Various Performance Guarantees

General:

- Approx. 1 million tons inbound annually
- FY19 Operating Expenses = \$64m (No TRP)
- Majority / 60% = Contracted Operations

Waste-to-Energy

- 959k tons available / 776k tons processed
- 815k Performance Guarantee
- 200k tons of ash generated

