
To: Kenneth Garcia, Utilities Director
City of Las Vegas, New Mexico

Date: June 18, 2010

From: John Gallagher, Principal Consultant
Isalah Rounds, Analyst

Re: Preliminary 2010-11 Solid Waste Rates

1.1. Introduction

The City provides solid waste service to approximately 5,700 residential and commercial accounts inside and outside the City. The City's solid waste operation's funding for operating and capital requirements is derived primarily from rates. The City authorized Red Oak Consulting to analyze the solid waste utility's financial status and to recommend rate adjustments as necessary, to assure the utility's continuing financial viability. The study includes:

- Development of financial plan scenarios for the study period, fiscal years (FY) 2010-11 through 2014-15;
- Analysis of FY 2010-11 customer class cost of service; and
- Design of FY 2010-11 rates.

1.2. Definitions

References made to a year or fiscal year mean the year ending June 30. Existing rates mean solid waste rates in effect beginning October 2008. Study period means the five-year period, FY 2010-11 through FY 2014-15.

1.3. Study Assumptions

This rate study is based on numerous assumptions. Changes in these assumptions could have a material effect on study findings. Red Oak incorporated the following key assumptions into the study:

- No growth in customer accounts throughout the study period.
- The utility will strive to maintain the following minimum cash reserves:
 - Operating reserves of 90 days of operation and maintenance expenses (O&M)
 - Capital reserves of \$250,000.

- Costs will increase annually as follows:
 - Operating expenses at 3%
 - Capital costs at 4%
- Administrative fee will remain at FY 2010-11 budgetary amount of \$270,000 throughout study period.
- Payment in lieu of taxes equals 2% of rate revenue.
- Annual interest rate on investments is 2%.
- The utility will strive to maintain a minimum debt service coverage of 1.50.
- Utility cash reserves as of July 1, 2010 are:

Operating Fund	\$182,400
Capital Fund	<u>0</u>
<i>Total Solid Waste Fund</i>	<i>\$ 182,400</i>

- Six new employees (not presently budgeted) will be added to solid waste operations during the study period as follows:
 - Packer Driver II/Transport Driver (FY 2010-11)
 - Recycling Coordinator (FY 2010-11)
 - Two Recycling Collection Drivers (FY 2010-11 and FY 2011-12)
 - Packer Driver I (FY 2011-12)
 - Equipment Operator (FY 2011-12)

1.4. Capital Improvement Program

Utility staff developed a \$4.7 million capital improvement program (CIP) for the study period that includes landfill closure costs (\$2.0 million), vehicles replacements (\$1.7 million), transfer station improvements (\$0.3 million), containers (\$0.4 million) and other equipment (\$0.3 million). Appendix A shows the full list of CIP projects.

1.5. Financial Plan

Red Oak developed two financial plan scenarios for the study period that show the effect on rate revenue adjustments of different payment periods for the proposed October 2010 revenue bonds:

- Scenario 1 – 10-year bond payment schedule
- Scenario 2 – 7-year bond payment schedule

Appendix A shows the development of these financial plans.

1.5.1. Revenue Requirements

Operating fund revenue requirements include O&M, debt service, lease payments, payments in lieu of taxes, and transfers to other funds. FY 2010-11 revenue requirements total \$ 3.26 million and \$ 3.33 million for Scenarios 1 and 2, respectively.

1.5.2. Revenue

Operating fund revenue includes revenue from service charges (rates), environmental gross receipts tax, interest and other miscellaneous sources. FY 2010-11 operating revenue totals \$2.21 million without a service charge adjustment.

1.5.3. Projected Service Charge Revenue Adjustments

Revenue should be sufficient to meet revenue requirements, provide required debt service coverage and maintain adequate reserves. The financial plan indicates rate adjustments are needed to increase annual service charge revenue to satisfy these criteria as shown in the tabulation below. Red Oak recommends the financial plan be updated annually to determine if projected increases after fiscal year 2011 are appropriate.

Fiscal Year	Service Charge Revenue Adjustments	
	Scenario 1	Scenario 2
2010-11	59%	64%
2011-12	5%	5%
2012-13	5%	5%
2013-14	5%	5%
2014-15	5%	5%

1.6. Cost of Service Analysis

Red Oak analyzed the cost of providing solid waste service to its residential and commercial customers. In accordance with industry standards, class cost of service recognizes the size and number of containers, the frequency of pickups and utility billing requirements. Appendix B shows detailed development of class cost of service for FY 2010-11.

1.7. Rate Design

1.7.1. Existing Rates

Existing rates have been in effect since October 2008. Solid waste rates include a monthly charge that varies by class, size of container, and frequency of pickups.

1.7.2. Proposed Rates

Red Oak developed proposed FY 2010-11 solid waste rates using the existing rate structure. The proposed rates for Scenarios 1 and 2 will increase annual solid waste service rate revenue by 59% and 64%, respectively. Additionally, the proposed rates recognize class cost of service and the City's practice of having a rate differential between residential and commercial rates.

Table 1 compares existing and proposed monthly service charges for residential and commercial customers with one 96-gallon container collected weekly. Appendix C shows all residential and commercial rates.

Table 1
Existing and Proposed 2010-11 Monthly Service Charges
for Residential and Commercial Customers
(One 96-Gallon Container Collected Weekly)

Customer Class	Existing	Proposed	
		Scenario 1	Scenario 2
	<i>(per bill)</i>	<i>(per bill)</i>	<i>(per bill)</i>
Inside City			
Residential	\$14.05	\$ 20.10	\$ 20.50
Commercial	\$ 19.25	\$ 24.60	\$ 25.10
Outside City			
Residential	\$ 17.61	\$ 27.90	\$ 28.50
Commercial	\$ 24.15	\$30.80	\$ 31.40

APPENDIX A

(Scenario 1: 10 Year Bond Payment Schedule)

Table 1-1
Solid Waste Utility
Operation & Maintenance Expense Summary
Fiscal Year Ending June 30

Line No.	Description	Preliminary Budget	Projected				
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
	Salaries						
1	Existing FTEs	392,815	392,815	404,600	416,738	429,240	442,117
	Additional FTEs (includes fringe benefits)						
2	Packer Driver III/Transport Driver	0	50,000	51,500	53,045	54,636	56,275
3	Recycling Coordinator	0	50,000	51,500	53,045	54,636	56,275
4	Recycling Collection Driver	0	50,000	103,000	106,090	109,273	112,551
5	Packer Driver I	0	0	51,500	53,045	54,636	56,275
6	Equipment Operator	0	0	51,500	53,045	54,636	56,275
7	Subtotal Salaries	392,815	542,815	713,600	735,008	757,058	779,770
8	Fringe Benefits	190,524	190,524	196,239	202,127	208,190	214,436
9	Supplies	6,400	6,400	6,592	6,790	6,993	7,203
	Travel						
10	Hauling Fees	180,000	180,000	185,400	190,962	196,691	202,592
11	Tipping Fees	375,000	375,000	386,250	397,838	409,773	422,066
12	Other	81,800	81,800	84,254	86,782	89,385	92,067
13	Subtotal Travel	636,800	636,800	655,904	675,581	695,849	716,724
14	Other Operating	259,300	259,300	267,079	275,091	283,344	291,844
	Maintenance						
15	Road Equipment	100,000	100,000	103,000	106,090	109,273	112,551
16	Other	18,600	18,600	19,158	19,733	20,325	20,934
17	Subtotal Maintenance	118,600	118,600	122,158	125,823	129,597	133,485
	Other						
18	Administration Fee	270,111	270,000	270,000	270,000	270,000	270,000
19	Other	23,440	23,440	24,143	24,867	25,614	26,382
20	Subtotal Other	293,551	293,440	294,143	294,867	295,614	296,382
21	Furniture & Equipment	11,000	11,000	11,330	11,670	12,020	12,381
22	Total O&M	1,908,990	2,058,879	2,267,046	2,326,957	2,388,666	2,452,226

Table 1-2
Solid Waste Utility
Capital Improvement Program (Inflated Costs)
Fiscal Year Ending June 30

Line No.	Description	Comments	Preliminary	Projected					Total
			Budget	2011	2012	2013	2014	2015	2011 -2015
			2011	2011	2012	2013	2014	2015	2011 -2015
			\$	\$	\$	\$	\$	\$	\$
1	Landfill Closure	2010 Revenue Bond	0	220,300	1,822,875	0	0	0	2,043,175
2	Transfer Station Improvments	2010 Revenue Bond	0	285,000	0	0	0	0	285,000
3	Replace Unit 87 Commercial	2010 Revenue Bond	0	275,000	0	0	0	0	275,000
4	Replace Commercial Containers	Cash	0	120,000	52,000	54,080	56,243	58,493	340,816
5	Replace Unit 92 Residential	2010 Revenue Bond	0	275,000	0	0	0	0	275,000
6	Replace Rollout Containers	Cash	0	25,000	10,400	10,816	11,249	11,699	69,163
7	Purchase Transport and Trailers	2010 Revenue Bond	0	236,200	0	0	0	0	236,200
8	Purchase Recycling Equipment	Cash	0	83,000	0	0	0	0	83,000
9	Purchase Graffiti Removal Equipment	Cash	0	15,000	0	0	0	0	15,000
10	Purchase Skid Steer Loaner	Cash	0	0	46,800	0	0	0	46,800
11	Horizontal bailer	Cash	0	0	41,600	0	0	0	41,600
12	Replace Unit 85 Commercial	Lease	0	0	0	297,440	0	0	297,440
13	Replace Unit 93 Residential	Lease	0	0	0	297,440	0	0	297,440
14	Replace Unit 94 Residential	Lease	0	0	0	0	309,338	0	309,338
15	Administrative Building Repairs	Cash	0	0	0	21,632	0	0	21,632
16	Replace Pick up Trucks	Cash	0	0	31,200	32,448	0	0	63,648
17	Total Capital Improvements (4% annual inflation)		0	1,534,500	2,004,875	713,856	376,829	70,192	4,700,252
Funding Sources									
18	2010 Revenue Bond		\$0	\$1,291,500	\$1,822,875	\$0	\$0	\$0	3,114,375
19	Lease		0	0	0	594,880	309,338	0	904,218
20	Loan		0	0	0	0	0	0	0
21	Cash		0	243,000	182,000	118,976	67,492	70,192	681,659
22	Total Funds		0	1,534,500	2,004,875	713,856	376,829	70,192	4,700,252

**Table 1-3
Solid Waste Utility
Existing Debt Service
Fiscal Year Ending June 30**

Loan Payments

Line No.	Description	Payment Type	Preliminary Budget	2011	2012	2013	2014	2015
			2011					
Existing Loans								
1	NMFA 1995 Refunding 634	Principal/Interest	\$68,487	\$0	\$0	\$0	\$0	\$0
2	NMFA Solid Waste Loan 635	Principal/Interest	5,666	0	0	0	0	0
3	Total Existing Loan Payment		\$74,153	\$0	\$0	\$0	\$0	\$0
Proposed Bonds								
4	Landfill Closure	Principal/Interest	\$0	\$167,485	\$282,648	\$284,326	\$280,118	\$280,123
5	Transfer Station Improvments	Principal/Interest	0	25,476	39,139	38,686	43,125	42,348
6	Replace Unit 87 Commercial	Principal/Interest	0	39,054	61,515	60,685	64,656	63,324
7	Replace Unit 92 Residential	Principal/Interest	0	39,054	61,515	60,685	64,656	63,324
8	Purchase Transport and Trailers	Principal/Interest	0	33,466	55,570	54,815	53,880	52,770
9	Refunding 1995 A Bonds	Principal/Interest	0	73,937	59,955	64,125	63,003	35,671
10	Total Proposed Bond Payment		\$0	\$378,471	\$560,342	\$563,320	\$569,438	\$537,560
11	Total Loan Payment		\$74,153	\$378,471	\$560,342	\$563,320	\$569,438	\$537,560

Lease Payments

Line No.	Description	Payment Type	Preliminary Budget	2011	2012	2013	2014	2015
			2011					
Existing Leases								
1	Caterpillar 928HZ Loader	Principal/Interest	\$26,442	\$26,442	\$26,442	\$26,442	\$26,442	\$26,442
2	Excavator	Principal/Interest	19,420	19,420	19,420	19,420	19,420	19,420
3	Auto Car WX64 Refuse Trucks (Unit 83,96	Principal/Interest	131,712	131,712	131,712	131,712	0	0
4	Mack Tractor CXN613	Principal/Interest	20,533	20,533	20,533	0	0	0
5	Total Existing Lease Payment		\$198,107	\$198,107	\$198,107	\$177,574	\$45,862	\$45,862
Proposed Leases								
6	Replace Unit 85 Commercial	Principal/Interest	0	0	0	58,601	58,601	58,601
7	Replace Unit 93 Residential	Principal/Interest	0	0	0	58,601	58,601	58,601
8	Replace Unit 94 Residential	Principal/Interest	0	0	0	0	60,945	60,945
9	Total Proposed Lease Payment		\$0	\$0	\$0	\$117,202	\$178,147	\$178,147
10	Total Lease Payment		\$198,107	\$198,107	\$198,107	\$294,776	\$224,009	\$224,009

Table 1-4
Solid Waste Utility
Miscellaneous Revenues
Fiscal Year Ending June 30

<u>Line No.</u>	<u>Description</u>	Preliminary Budget					
		<u>2011</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
		\$	\$	\$	\$	\$	\$
1	Miscellaneous	0	0	0	0	0	0
2	Other Fees Land Fill	60,000	60,000	60,000	60,000	60,000	60,000
3	Litter Control	0	0	0	0	0	0
4	A C Recycling (SW)	8,500	8,500	8,500	8,500	8,500	8,500
5	Reimbursement Tipping Fee	0	0	0	0	0	0
6	Environmental GRT	0	0	0	0	0	0
7	Total	68,500	68,500	68,500	68,500	68,500	68,500

**Table 1-5
Solid Waste Utility
Decision Criteria
Fiscal Year Ending June 30**

Line No.	Preliminary Budget							Total 2011 - 2015
	2010	2011	2011	2012	2013	2014	2015	
Operating Fund								
1		\$0	\$243,000	\$182,000	\$118,976	\$67,492	\$70,192	
2		\$0	\$25,000	\$25,000	\$50,000	\$75,000	\$75,000	
3		74,155	378,471	560,342	563,320	569,438	537,560	
4								
5		12	12	12	12	12	12	
6		0.00%	59.00%	5.00%	5.00%	5.00%	5.00%	93.27%
7		(10,795)	113,664	(61,983)	(23,882)	175,705	323,213	
8		\$182,400	171,606	296,064	234,081	210,199	385,903	709,116
9			507,700	544,700	596,000	610,800	626,000	641,600
10			147%	202%	147%	142%	167%	190%
Capital Fund								
11		\$0	\$0	\$0	\$0	\$0	\$0	
12		\$0	\$0	\$0	\$0	\$0	\$0	\$0
13		\$0	\$3,875,000	\$0	\$0	\$0	\$0	
14		\$0	\$0	\$0	\$594,880	\$309,338	\$0	\$904,218
15		\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		\$0	\$0	\$0	\$0	\$0	\$0	\$0
17		\$0	\$1,534,500	\$2,004,875	\$713,856	\$376,829	\$70,192	\$4,700,252
18		\$0	0	1,851,500	72,700	124,556	202,685	282,777
19			100,000	125,000	150,000	200,000	225,000	250,000
Total Solid Waste Fund								
20		\$0	\$0	\$0	\$594,880	\$309,338	\$0	
21		\$0	\$1,534,500	\$2,004,875	\$713,856	\$376,829	\$70,192	
22		182,400	171,606	2,147,564	306,781	334,755	588,589	991,893
23			607,700	669,700	746,000	810,800	851,000	891,600
24			0	378,471	560,342	563,320	569,438	537,560

**Table 1-6
Solid Waste Utility
Operating Fund Cash Flow Analysis
Fiscal Year Ending June 30**

Line No.	Description	Preliminary Budget					
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
1	Beginning Fund Balance	182,400	182,400	296,064	234,081	210,199	385,903
	Revenues						
2	Revenue from Existing Solid Waste Rates	1,900,000	1,962,405	1,962,405	1,962,405	1,962,405	1,962,405
3	Additional Solid Waste Rate Revenue Required	300,000	1,157,819	1,313,830	1,477,642	1,649,644	1,830,246
4	Total Solid Waste Rate Revenue	2,200,000	3,120,224	3,276,235	3,440,047	3,612,049	3,792,651
5	Miscellaneous Revenue	68,500	68,500	68,500	68,500	68,500	68,500
6	Environmental Gross Receipt Tax	181,000	181,000	181,000	181,000	181,000	181,000
7	Interest	6,050	3,000	3,500	2,600	4,200	9,100
8	Total Revenues	2,455,550	3,372,724	3,529,235	3,692,147	3,865,749	4,051,251
	Revenue Requirements						
	Operation & Maintenance Expense						
9	Administrative Fee	270,111	270,000	270,000	270,000	270,000	270,000
10	New Employees	0	150,000	309,000	318,270	327,818	337,653
11	All Other O&M	1,638,879	1,638,879	1,688,046	1,738,687	1,790,847	1,844,573
12	Total Operation & Maintenance Expense	1,908,990	2,058,879	2,267,046	2,326,957	2,388,666	2,452,226
	Lease Payment						
13	Existing	195,000	198,107	198,107	177,574	45,862	45,862
14	Proposed	0	0	0	117,202	178,147	178,147
15	Total Lease Payments	195,000	198,107	198,107	294,776	224,009	224,009
16	Payment in Lieu of Taxes 2%	35,000	62,404	65,525	68,801	72,241	75,853
	Debt Service						
17	Existing	74,155	0	0	0	0	0
18	Proposed	0	378,471	560,342	563,320	569,438	537,560
19	Total Debt Service	74,155	378,471	560,342	563,320	569,438	537,560
	Transfers TO / (FROM)						
20	Capital Fund for Projects	0	243,000	182,000	118,976	67,492	70,192
21	Capital Fund for Reserves	0	25,000	25,000	50,000	75,000	75,000
22	637 - LDCLOS	0	0	0	0	0	0
23	610 - Waste Water	0	0	0	0	0	0
24	546 - Utility Services (O&M)	70,000	70,000	70,000	70,000	70,000	70,000
25	336 - Computer System (O&M)	10,000	10,000	10,000	10,000	10,000	10,000
26	545 - Utilities Admin (O&M)	70,000	70,000	70,000	70,000	70,000	70,000
27	633 - Solid Waste Const.	0	0	0	0	0	0
28	545 - Utilities Admin Loan Pay Back	0	40,000	40,000	40,000	40,000	40,000
29	545 - Utilities Admin Fund Loan	0	0	0	0	0	0
30	101 - General Fund Loan Pay Back	0	0	0	0	0	0
31	640 - Water Loan Pay Back	103,200	103,200	103,200	103,200	103,200	103,200
32	Total Transfers	253,200	561,200	500,200	462,176	435,692	438,392
20	Total Revenue Requirements	2,466,345	3,259,061	3,591,219	3,716,030	3,690,045	3,728,039
33	Annual Surplus (Deficiency)	(10,795)	113,664	(61,983)	(23,882)	175,705	323,213
34	Ending Balance	171,606	296,064	234,081	210,199	385,903	709,116
35	Target Ending Balance (90 days of O&M)	507,700	544,700	596,000	610,800	626,000	641,600
36	Revenue Bond Debt Service Coverage	147%	202%	147%	142%	167%	190%
	Required Solid Waste Rate Increases						
37	Overall Annual Increase	0.00%	59.00%	5.00%	5.00%	5.00%	5.00%
38	Cumulative Increase	0.00%	59.00%	66.95%	75.30%	84.06%	93.27%

Table 1-7
Solid Waste Utility
Capital Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Preliminary Budget					
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
1	Beginning Fund Balance	0	0	1,851,500	72,700	124,556	202,685
	Source of Funds						
2	Transfer FROM Operating Fund for Projects	0	243,000	182,000	118,976	67,492	70,192
3	Transfer FROM Operating Fund for Reserves	0	25,000	25,000	50,000	75,000	75,000
4	GRT Tax Proceeds	0	0	0	0	0	0
5	2010 Revenue Bond Proceeds	0	3,875,000	0	0	0	0
6	Lease Proceeds	0	0	0	594,880	309,338	0
7	Grant Proceeds	0	0	0	0	0	0
8	State & Other Loan Proceeds	0	0	0	0	0	0
9	Interest	0	18,500	19,200	2,000	3,300	4,900
10	Total Sources	0	4,161,500	226,200	765,856	455,129	150,092
	Uses of Funds						
11	Capital Improvements						
12	Scheduled	0	1,535,000	2,005,000	714,000	377,000	70,000
13	Deferred	0	0	0	0	0	0
14	Subtotal CIP	0	1,535,000	2,005,000	714,000	377,000	70,000
15	Refunding 1995 Bonds	0	310,000	0	0	0	0
16	Allowance for Bond Issue Related Costs	0	465,000	0	0	0	0
17	Total Uses	0	2,310,000	2,005,000	714,000	377,000	70,000
18	Annual Surplus (Deficiency)	0	1,851,500	(1,778,800)	51,856	78,129	80,092
19	Ending Balance	0	1,851,500	72,700	124,556	202,685	282,777
20	Target Balance	100,000	125,000	150,000	200,000	225,000	250,000

APPENDIX B

(Scenario 1: 10 Year Bond Payment Schedule)

**TABLE 1-8
Solid Waste Utility
Revenue Requirements
Test Year 2011**

<u>Line No.</u>		<u>Amount</u>
	Operating Expenses	
1	Operations and Maintenance Expense	\$2,058,879
2	PILOT	62,404
3	546 - Utility Services (O&M)	70,000
4	336 - Computer System (O&M)	10,000
5	545 - Utilities Admin (O&M)	70,000
6	Total Operating Expenses	<u>2,271,284</u>
	Capital Costs	
	Lease Payment	
7	Existing	198,107
8	Proposed	0
	Debt Service	
9	Existing	0
10	Proposed	378,471
11	Total Capital Costs	<u>576,577</u>
	Transfers To / (From)	
12	Capital Fund for Projects	243,000
13	Capital Fund for Reserves	25,000
14	637 - LDCLOS	0
15	610 - Waste Water	0
16	633 - Solid Waste Const.	0
17	545 - Utilities Admin Loan Pay Back	40,000
18	545 - Utilities Admin Fund Loan	0
19	101 - General Fund Loan Pay Back	0
20	640 - Water Loan Pay Back	103,200
21	Total Transfers	<u>411,200</u>
22	TOTAL COST OF SERVICE	<u>3,259,061</u>
	ADJUSTMENTS	
	Revenue from Other Sources	
23	Miscellaneous Revenue	(68,500)
24	Environmental Gross Receipt Tax	(181,000)
25	Interest	(3,000)
26	Total Revenue from Other Sources	<u>(252,500)</u>
27	Increase (Decrease) in Operating Reserves	113,664
28	TOTAL ADJUSTMENTS	<u>(138,836)</u>
29	NET COST OF SERVICE	<u><u>\$3,120,225</u></u>

**Table 1-9
Solid Waste Utility
Units of Service
Test Year 2011**

Line No.	<u>Customer Class</u>	<u>Equivalent 96 gal Containers</u> Cost	<u>Equivalent 96 gal Containers</u> Volume	<u>Labor</u> container pickups	<u>Customer Bills</u>
Inside City					
1	Residential	69,369	69,211	299,513	69,108
2	Commercial	54,996	99,754	95,690	9,156
3	Total Inside City	124,364	168,966	395,202	78,264
Outside City					
4	Residential	3,240	3,240	14,040	3,240
5	Commercial	4,409	18,881	16,278	552
6	Total Outside City	7,649	22,121	30,318	3,792
7	Total City	132,013	191,087	425,521	82,056

**Table 1-10
Solid Waste Utility
Allocation of Operation & Maintenance Expense and Capital to Cost Components
Test Year 2011**

Line No.	Description	Total \$	Volume \$	Container Pickups \$	Containers \$	Utility Services \$	
	Salaries						
1	Existing FTEs	392,815	0	392,815	0	0	
2	Additional FTEs	150,000	0	150,000	0	0	
3	Subtotal Salaries	542,815	0	542,815	0	0	
4	Fringe Benefits	190,524	0	190,524	0	0	
5	Supplies	6,400	3,729	1,739	576	356	
	Travel						
6	Hauling Fees	180,000	180,000	0	0	0	
7	Tipping Fees	375,000	375,000	0	0	0	
8	Other	81,800	81,800	0	0	0	
9	Subtotal Travel	636,800	636,800	0	0	0	
10	Other Operating	259,300	259,300	0	0	0	
	Maintenance						
11	Road Equipment	100,000	100,000	0	0	0	
12	Other	18,600	10,838	5,054	1,675	1,034	
13	Subtotal Maintenance	118,600	110,838	5,054	1,675	1,034	
	Other						
14	Administration Fee	270,000	157,325	73,361	24,309	15,005	
15	Other	23,440	13,658	6,369	2,110	1,303	
16	Subtotal Other	293,440	170,983	79,729	26,419	16,308	
17	Furniture & Equipment	11,000	6,410	2,989	990	611	
18	PILOT	62,404	36,362	16,956	5,618	3,468	
19	546 - Utility Services (O&M)	70,000	0	0	0	70,000	
20	336 - Computer System (O&M)	10,000	0	0	0	10,000	
21	545 - Utilities Admin (O&M)	70,000	0	0	0	70,000	
22	Total Operating Expenses	2,271,284	1,224,422	839,806	35,279	171,777	
	Capital Costs						
23	Lease Payment						
24	Existing	198,107	198,107	0	0	0	
25	Proposed	0	0	0	0	0	
26	Debt Service						
27	Existing	0	0	0	0	0	
28	Proposed	378,471	378,471	0	0	0	
29	Transfers To / (From)						
29	Capital Fund for Projects	243,000	0	0	243,000	0	
	Capital Fund for Reserves	25,000	0	0	25,000	1	
30	637 - LDCLOS	0	0	0	0	0	
31	610 - Waste Water	0	0	0	0	0	
32	633 - Solid Waste Const.	0	0	0	0	0	
33	545 - Utilities Admin Loan Pay Back	40,000	23,307	10,868	3,601	2,223	
34	545 - Utilities Admin Fund Loan	0	0	0	0	0	
35	101 - General Fund Loan Pay Back	0	0	0	0	0	
36	640 - Water Loan Pay Back	103,200	60,133	28,040	9,291	5,735	
37	Total Capital Costs	987,777	660,018	38,908	280,893	7,959	
38	Total Cost of Service	3,259,061	1,884,440	878,714	316,172	179,737	
	Adjustments to Cost of Service						
39	Miscellaneous Revenue	(68,500)	(39,914)	(18,612)	(6,167)	(3,807)	
40	Environmental Gross Receipt Tax	(181,000)	(105,466)	(49,179)	(16,296)	(10,059)	
41	Interest	(3,000)	(1,748)	(815)	(270)	(167)	
42	Annual Surplus/ (Deficit)	113,664	66,230	30,883	10,233	6,317	
43	Total Adjustments	(138,836)	(80,898)	(37,723)	(12,500)	(7,716)	
44	Net Cost of Service	3,120,225	1,803,542	840,991	303,672	172,021	
45	Subtotal of Directly Allocated Items	2,699,016	1,572,677	733,339	243,000	150,000	
46			58.3%	27.2%	9.0%	5.6%	
				Equiv - 96 Gallon Container Volume	Equiv - 96 Gallon Container Pickup	Equiv - 96 Gallon Container Cost	Bills
	Adjusted Units of Service						
47	Inside City		168,966	395,202	124,364	78,264	
48	Outside City		27,652	37,898	9,561	4,740	
49	Total Adjusted Units of Service		196,617	433,100	133,925	83,004	
	Units Cost of Service - \$ per Unit						
50	Inside City		9.173	1.942	2.267	2.072	
51	Outside City		11.466	2.427	2.834	2.591	

Table 1-11
Solid Waste Utility
Allocation of Cost of Service to Customer Classes
Test Year 2011

Line No.	Total	<u>Volume</u>	<u>Container Pickups</u>	<u>Containers</u>	<u>Utility Services</u>	
Unit Costs of Service - \$ per Unit						
1		9.173	1.942	2.267	2.072	
2		11.466	2.427	2.834	2.591	
INSIDE CITY						
Residential						
3		69,211	299,513	69,369	69,108	
4	1,516,972	634,867	581,592	157,291	143,222	
	21.95	9.19	8.42	2.28	2.07	
Commercial						
5		99,754	95,690	54,996	9,156	
6	1,244,517	915,031	185,810	124,701	18,975	
OUTSIDE CITY						
Residential						
7		3,240	14,040	3,240	3,240	
8	88,805	37,150	34,078	9,183	8,393	
Commercial						
9		18,881	16,278	4,409	552	
10	269,931	216,494	39,511	12,496	1,430	
11	Total Cost of Service	3,120,226	1,803,542	840,991	303,672	172,021

**Table 1-12
Solid Waste Utility
Comparison of Cost of Service
with Revenue Under Existing Rates
Test Year 2011**

<u>Line No.</u>	<u>Customer Class</u>	<u>Revenue Under Existing Rates</u> \$	<u>Cost of Service</u> \$	<u>Indicated Revenue Increase</u> %	<u>Policy Adjustment</u> %	<u>Policy Adjustment</u> \$	<u>Targeted Revenue from Proposed Rates</u> \$	<u>Percent Targeted Revenue is of Cost of Service</u> %
Inside City								
1	Residential	971,709	1,516,972	56.1%		(151,445)	1,365,527	90.0%
2	Commercial	771,759	1,244,517	61.3%	10%	124,452	1,368,969	110.0%
3	Total Inside City	1,743,468	2,761,489	58.4%		(26,993)	2,734,496	99.0%
Outside City								
4	Residential	57,056	88,805	55.6%		0	88,805	100.0%
5	Commercial	161,881	269,931	66.7%	10%	26,993	296,924	110.0%
6	Total Outside City	218,937	358,736	63.9%		26,993	385,730	107.5%
7	Total System	1,962,405	3,120,226	59.00%		0	3,120,226	100.0%

APPENDIX C

(Scenario 1: 10 Year Bond Payment Schedule)

**Solid Waste Utility
Residential Existing and Proposed Scenario 1 Rates**

Container Size	Existing Rates (\$ per bill)	2011 (\$ per bill)
Inside City		
Cart	\$14.05	\$20.10
Add Cart	9.66	10.50
1.5 cu yd	29.50	51.70
Outside City		
Cart	\$17.61	\$27.90
Add Cart	13.19	14.60
1.5 cu yd	37.02	71.80

**Solid Waste Utility
Commercial Existing Rates**

Existing Rates, \$ per bill - Inside City

Container Size	Frequency of Pickups						
	1	2	3	4	5	6	Extra
Cart	\$19.25	\$34.63	N/A	N/A	N/A	N/A	\$25.65
1.5 cu yd	\$32.07	\$57.73	\$83.36	\$109.02	\$134.66	\$160.33	\$32.07
2 cu yd	\$44.89	\$80.80	\$116.72	\$152.63	\$188.54	\$224.44	\$38.48
3 cu yd	\$64.12	\$115.43	\$166.75	\$218.03	\$269.35	\$320.64	\$51.32
4 cu yd	\$76.96	\$138.52	\$200.08	\$261.64	\$323.20	\$384.78	\$64.12
6 cu yd	\$96.18	\$173.16	\$250.10	\$327.05	\$404.01	\$480.95	\$83.36
8 cu yd	\$121.85	\$219.33	\$316.80	\$414.26	\$511.73	\$609.21	\$109.02

Existing Rates - Outside City

Container Size	Frequency of Pickups						
	1	2	3	4	5	6	Extra
Cart	\$24.15	\$43.42	N/A	N/A	N/A	N/A	\$32.20
1.5 cu yd	\$40.23	\$72.43	\$104.58	\$136.77	\$168.94	\$201.14	\$40.23
2 cu yd	\$56.32	\$101.36	\$146.44	\$191.48	\$236.52	\$281.59	\$48.27
3 cu yd	\$80.45	\$144.82	\$209.17	\$273.54	\$337.89	\$402.26	\$64.37
4 cu yd	\$96.54	\$173.78	\$251.01	\$328.23	\$405.48	\$482.72	\$80.45
6 cu yd	\$120.67	\$217.24	\$313.75	\$410.30	\$506.85	\$603.38	\$104.58
8 cu yd	\$152.86	\$275.16	\$397.44	\$519.71	\$642.00	\$764.29	\$136.77

**Solid Waste Utility
Commercial Proposed Scenario 1 Rates**

2011 Rates, \$ per bill - Inside City

Container Size	Frequency of Weekly Pickups						Extra
	1	2	3	4	5	6	
Cart	\$24.60	\$44.20	\$63.90	\$83.50	\$103.10	\$122.80	\$19.60
1.5 cu yd	\$63.20	\$107.10	\$151.00	\$194.90	\$238.80	\$282.60	\$43.90
2 cu yd	\$78.20	\$133.80	\$189.40	\$245.00	\$300.60	\$356.20	\$55.60
3 cu yd	\$103.30	\$182.50	\$261.70	\$340.90	\$420.10	\$499.30	\$79.20
4 cu yd	\$129.50	\$232.20	\$334.80	\$437.40	\$540.00	\$642.70	\$102.70
6 cu yd	\$183.50	\$333.10	\$482.80	\$632.40	\$782.10	\$931.80	\$149.60
8 cu yd	\$234.80	\$431.50	\$628.20	\$824.80	\$1,021.50	\$1,218.20	\$196.70

2011 Rates, \$ per bill - Outside City

Container Size	Frequency of Weekly Pickups						Extra
	1	2	3	4	5	6	
Cart	\$30.80	\$55.30	\$79.90	\$104.40	\$128.90	\$153.50	\$24.50
1.5 cu yd	\$79.00	\$133.90	\$188.80	\$243.70	\$298.50	\$353.30	\$54.88
2 cu yd	\$97.80	\$167.30	\$236.80	\$306.30	\$375.80	\$445.30	\$69.50
3 cu yd	\$129.20	\$228.20	\$327.20	\$426.20	\$525.20	\$624.20	\$99.00
4 cu yd	\$161.90	\$290.30	\$418.50	\$546.80	\$675.00	\$803.40	\$128.38
6 cu yd	\$229.40	\$416.40	\$603.50	\$790.50	\$977.70	\$1,164.80	\$187.00
8 cu yd	\$293.50	\$539.40	\$785.30	\$1,031.00	\$1,276.90	\$1,522.80	\$245.88

APPENDIX A

(Scenario 2: 7 Year Bond Payment Schedule)

Table 1-1
Solid Waste Utility
Operation & Maintenance Expense Summary
Fiscal Year Ending June 30

Line No.	Description	Preliminary Budget	Projected				
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
	Salaries						
1	Existing FTEs	392,815	392,815	404,600	416,738	429,240	442,117
	Additional FTEs (includes fringe benefits)						
2	Packer Driver III/Transport Driver	0	50,000	51,500	53,045	54,636	56,275
3	Recycling Coordinator	0	50,000	51,500	53,045	54,636	56,275
4	Recycling Collection Driver	0	50,000	103,000	106,090	109,273	112,551
5	Packer Driver I	0	0	51,500	53,045	54,636	56,275
6	Equipment Operator	0	0	51,500	53,045	54,636	56,275
7	Subtotal Salaries	392,815	542,815	713,600	735,008	757,058	779,770
8	Fringe Benefits	190,524	190,524	196,239	202,127	208,190	214,436
9	Supplies	6,400	6,400	6,592	6,790	6,993	7,203
	Travel						
10	Hauling Fees	180,000	180,000	185,400	190,962	196,691	202,592
11	Tipping Fees	375,000	375,000	386,250	397,838	409,773	422,066
12	Other	81,800	81,800	84,254	86,782	89,385	92,067
13	Subtotal Travel	636,800	636,800	655,904	675,581	695,849	716,724
14	Other Operating	259,300	259,300	267,079	275,091	283,344	291,844
	Maintenance						
15	Road Equipment	100,000	100,000	103,000	106,090	109,273	112,551
16	Other	18,600	18,600	19,158	19,733	20,325	20,934
17	Subtotal Maintenance	118,600	118,600	122,158	125,823	129,597	133,485
	Other						
18	Administration Fee	270,111	270,000	270,000	270,000	270,000	270,000
19	Other	23,440	23,440	24,143	24,867	25,614	26,382
20	Subtotal Other	293,551	293,440	294,143	294,867	295,614	296,382
21	Furniture & Equipment	11,000	11,000	11,330	11,670	12,020	12,381
22	Total O&M	1,908,990	2,058,879	2,267,046	2,326,957	2,388,666	2,452,226

Table 1-2
Solid Waste Utility
Capital Improvement Program (Inflated Costs)
Fiscal Year Ending June 30

Line No.	Description	Comments	Preliminary	Projected					Total
			Budget	2011	2012	2013	2014	2015	2011 -2015
			2011	2011	2012	2013	2014	2015	2011 -2015
			\$	\$	\$	\$	\$	\$	\$
1	Landfill Closure	2010 Revenue Bond	0	220,300	1,822,875	0	0	0	2,043,175
2	Transfer Station Improvments	2010 Revenue Bond	0	285,000	0	0	0	0	285,000
3	Replace Unit 87 Commercial	2010 Revenue Bond	0	275,000	0	0	0	0	275,000
4	Replace Commercial Containers	Cash	0	120,000	52,000	54,080	56,243	58,493	340,816
5	Replace Unit 92 Residential	2010 Revenue Bond	0	275,000	0	0	0	0	275,000
6	Replace Rollout Containers	Cash	0	25,000	10,400	10,816	11,249	11,699	69,163
7	Purchase Transport and Trailers	2010 Revenue Bond	0	236,200	0	0	0	0	236,200
8	Purchase Recycling Equipment	Cash	0	83,000	0	0	0	0	83,000
9	Purchase Graffiti Removal Equipment	Cash	0	15,000	0	0	0	0	15,000
10	Purchase Skid Steer Loaner	Cash	0	0	46,800	0	0	0	46,800
11	Horizontal bailer	Cash	0	0	41,600	0	0	0	41,600
12	Replace Unit 85 Commercial	Lease	0	0	0	297,440	0	0	297,440
13	Replace Unit 93 Residential	Lease	0	0	0	297,440	0	0	297,440
14	Replace Unit 94 Residential	Lease	0	0	0	0	309,338	0	309,338
15	Administrative Building Repairs	Cash	0	0	0	21,632	0	0	21,632
16	Replace Pick up Trucks	Cash	0	0	31,200	32,448	0	0	63,648
17	Total Capital Improvements (4% annual inflation)		0	1,534,500	2,004,875	713,856	376,829	70,192	4,700,252
Funding Sources									
18	2010 Revenue Bond		\$0	\$1,291,500	\$1,822,875	\$0	\$0	\$0	3,114,375
19	Lease		0	0	0	594,880	309,338	0	904,218
20	Loan		0	0	0	0	0	0	0
21	Cash		0	243,000	182,000	118,976	67,492	70,192	681,659
22	Total Funding		0	1,534,500	2,004,875	713,856	376,829	70,192	4,700,252

**Table 1-3
Solid Waste Utility
Existing Debt Service
Fiscal Year Ending June 30**

Loan Payments

Line No.	Description	Payment Type	Preliminary Budget	2011	2012	2013	2014	2015
			2011					
Existing Loans								
1	NMFA 1995 Refunding 634	Principal/Interest	\$68,487	\$0	\$0	\$0	\$0	\$0
2	NMFA Solid Waste Loan 635	Principal/Interest	5,666	0	0	0	0	0
3	Total Existing Loan Payment		\$74,153	\$0	\$0	\$0	\$0	\$0
Proposed Bonds								
4	Landfill Closure	Principal/Interest	\$0	\$226,155	\$385,990	\$385,932	\$384,574	\$386,915
5	Transfer Station Improvments	Principal/Interest	0	34,515	57,369	56,614	55,679	54,569
6	Replace Unit 87 Commercial	Principal/Interest	0	39,054	61,515	60,685	64,656	63,324
7	Replace Unit 92 Residential	Principal/Interest	0	39,054	61,515	60,685	64,656	63,324
8	Purchase Transport and Trailers	Principal/Interest	0	33,466	55,570	54,815	53,880	52,770
9	Refunding 1995 A Bonds	Principal/Interest	0	73,937	59,955	64,125	63,003	35,671
10	Total Proposed Loan Payment		\$0	\$446,180	\$681,914	\$682,854	\$686,447	\$656,572
11	Total Loan Payment		\$74,153	\$446,180	\$681,914	\$682,854	\$686,447	\$656,572

Lease Payments

Line No.	Description	Payment Type	Preliminary Budget	2011	2012	2013	2014	2015
			2011					
Existing Leases								
1	Caterpillar 928HZ Loader	Principal/Interest	\$26,442	\$26,442	\$26,442	\$26,442	\$26,442	\$26,442
2	Excavator	Principal/Interest	19,420	19,420	19,420	19,420	19,420	19,420
3	Auto Car WX64 Refuse Trucks (Unit 83,96	Principal/Interest	131,712	131,712	131,712	131,712	0	0
4	Mack Tractor CXN613	Principal/Interest	20,533	20,533	20,533	0	0	0
5	Total Existing Lease Payment		\$198,107	\$198,107	\$198,107	\$177,574	\$45,862	\$45,862
Proposed Leases								
6	Replace Unit 85 Commercial	Principal/Interest	0	0	0	58,601	58,601	58,601
7	Replace Unit 93 Residential	Principal/Interest	0	0	0	58,601	58,601	58,601
8	Replace Unit 94 Residential	Principal/Interest	0	0	0	0	60,945	60,945
9	Total Proposed Lease Payment		\$0	\$0	\$0	\$117,202	\$178,147	\$178,147
10	Total Lease Payment		\$198,107	\$198,107	\$198,107	\$294,776	\$224,009	\$224,009

Table 1-4
Solid Waste Utility
Miscellaneous Revenues
Fiscal Year Ending June 30

<u>Line No.</u>	<u>Description</u>	Preliminary Budget					
		<u>2011</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
		\$	\$	\$	\$	\$	\$
1	Miscellaneous	0	0	0	0	0	0
2	Other Fees Land Fill	60,000	60,000	60,000	60,000	60,000	60,000
3	Litter Control	0	0	0	0	0	0
4	A C Recycling (SW)	8,500	8,500	8,500	8,500	8,500	8,500
5	Reimbursement Tipping Fee	0	0	0	0	0	0
6	Environmental GRT	0	0	0	0	0	0
7	Total	68,500	68,500	68,500	68,500	68,500	68,500

**Table 1-5
Solid Waste Utility
Decision Criteria
Fiscal Year Ending June 30**

Line No.		Preliminary Budget						Total 2011 - 2015	
		2010	2011	2011	2012	2013	2014		2015
Operating Fund									
1	Transfer TO Capital Fund for Projects		\$0	\$243,000	\$182,000	\$118,976	\$67,492	\$70,192	
2	Transfer TO Capital Fund for Reserves		\$0	\$25,000	\$25,000	\$50,000	\$75,000	\$75,000	
3	Total Debt Service		74,155	446,180	681,914	682,854	686,447	656,572	
4	Solid Waste Service Revenue Increases								
5	Months Increase is Effective in First Year		12	12	12	12	12	12	
6	Annualized Percentage Increase		0.00%	64.00%	5.00%	5.00%	5.00%	5.00%	99.34%
7	Annual Surplus (Deficiency)		(10,795)	142,413	(82,189)	(37,301)	169,811	320,883	
8	Ending Fund Balance	\$182,400	171,606	324,813	242,625	205,323	375,134	696,016	
9	Target Ending Balance (90 days of O&M)		507,700	544,700	596,000	610,800	626,000	641,600	
10	Debt Service Coverage		147%	196%	138%	135%	158%	178%	
Capital Fund									
11	Capital Improvements Deferred		\$0	\$0	\$0	\$0	\$0	\$0	
12	GRT Tax Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2010 Revenue Bonds Proceeds		\$0	\$3,875,000	\$0	\$0	\$0	\$0	
14	Lease Issues		\$0	\$0	\$0	\$594,880	\$309,338	\$0	\$904,218
15	Grants		\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	State and Other Loan Amounts		\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Capital Improvement Program		\$0	\$1,534,500	\$2,004,875	\$713,856	\$376,829	\$70,192	\$4,700,252
18	Ending Fund Balance	\$0	0	1,851,500	72,700	124,556	202,685	282,777	
19	Target Ending Balance		100,000	125,000	150,000	200,000	225,000	250,000	
Total Solid Waste Fund									
20	Bond Issues		\$0	\$0	\$0	\$594,880	\$309,338	\$0	
21	Capital Improvement Program		\$0	\$1,534,500	\$2,004,875	\$713,856	\$376,829	\$70,192	
22	Ending Fund Balance	182,400	171,606	2,176,313	315,325	329,879	577,819	978,793	
23	Target Ending Balance		607,700	669,700	746,000	810,800	851,000	891,600	
24	Total Proposed Debt Service		0	446,180	681,914	682,854	686,447	656,572	

Table 1-6
Solid Waste Utility
Operating Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Preliminary Budget					
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
1	Beginning Fund Balance	182,400	182,400	324,813	242,625	205,323	375,134
	Revenues						
2	Revenue from Existing Solid Waste Rates	1,900,000	1,962,405	1,962,405	1,962,405	1,962,405	1,962,405
3	Additional Solid Waste Rate Revenue Required	300,000	1,255,940	1,416,857	1,585,820	1,763,231	1,949,513
4	Total Solid Waste Rate Revenue	2,200,000	3,218,345	3,379,262	3,548,225	3,725,636	3,911,918
5	Miscellaneous Revenue	68,500	68,500	68,500	68,500	68,500	68,500
6	Environmental Gross Receipt Tax	181,000	181,000	181,000	181,000	181,000	181,000
7	Interest	6,050	3,300	3,900	2,700	4,000	8,900
8	Total Revenues	2,455,550	3,471,145	3,632,662	3,800,425	3,979,136	4,170,318
	Revenue Requirements						
	Operation & Maintenance Expense						
9	Administrative Fee	270,111	270,000	270,000	270,000	270,000	270,000
10	New Employees	0	150,000	309,000	318,270	327,818	337,653
11	All Other O&M	1,638,879	1,638,879	1,688,046	1,738,687	1,790,847	1,844,573
12	Total Operation & Maintenance Expense	1,908,990	2,058,879	2,267,046	2,326,957	2,388,666	2,452,226
	Lease Payment						
13	Existing	195,000	198,107	198,107	177,574	45,862	45,862
14	Proposed	0	0	0	117,202	178,147	178,147
15	Total Lease Payments	195,000	198,107	198,107	294,776	224,009	224,009
16	Payment in Lieu of Taxes 2%	35,000	64,367	67,585	70,965	74,513	78,238
	Debt Service						
17	Existing	74,155	0	0	0	0	0
18	Proposed	0	446,180	681,914	682,854	686,447	656,572
19	Total Debt Service	74,155	446,180	681,914	682,854	686,447	656,572
	Transfers TO / (FROM)						
20	Capital Fund for Projects	0	243,000	182,000	118,976	67,492	70,192
21	Capital Fund for Reserves	0	25,000	25,000	50,000	75,000	75,000
22	637 - LDCLOS	0	0	0	0	0	0
23	610 - Waste Water	0	0	0	0	0	0
24	546 - Utility Services (O&M)	70,000	70,000	70,000	70,000	70,000	70,000
25	336 - Computer System (O&M)	10,000	10,000	10,000	10,000	10,000	10,000
26	545 - Utilities Admin (O&M)	70,000	70,000	70,000	70,000	70,000	70,000
27	633 - Solid Waste Const.	0	0	0	0	0	0
28	545 - Utilities Admin Loan Pay Back	0	40,000	40,000	40,000	40,000	40,000
29	545 - Utilities Admin Fund Loan	0	0	0	0	0	0
30	101 - General Fund Loan Pay Back	0	0	0	0	0	0
31	640 - Water Loan Pay Back	103,200	103,200	103,200	103,200	103,200	103,200
32	Total Transfers	253,200	561,200	500,200	462,176	435,692	438,392
20	Total Revenue Requirements	2,466,345	3,328,733	3,714,851	3,837,727	3,809,326	3,849,436
33	Annual Surplus (Deficiency)	(10,795)	142,413	(82,189)	(37,301)	169,811	320,883
34	Ending Balance	171,606	324,813	242,625	205,323	375,134	696,016
35	Target Ending Balance (90 days of O&M)	507,700	544,700	596,000	610,800	626,000	641,600
36	Revenue Bond Debt Service Coverage	147%	196%	138%	135%	158%	178%
	Required Solid Waste Rate Increases						
37	Overall Annual Increase	0.00%	64.00%	5.00%	5.00%	5.00%	5.00%
38	Cumulative Increase	0.00%	64.00%	72.20%	80.81%	89.85%	99.34%

Table 1-7
Solid Waste Utility
Capital Fund Cash Flow Analysis
Fiscal Year Ending June 30

Line No.	Description	Preliminary Budget					
		2011 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$
1	Beginning Fund Balance	0	0	1,851,500	72,700	124,556	202,685
	Source of Funds						
2	Transfer FROM Operating Fund for Projects	0	243,000	182,000	118,976	67,492	70,192
3	Transfer FROM Operating Fund for Reserves	0	25,000	25,000	50,000	75,000	75,000
4	GRT Tax Proceeds	0	0	0	0	0	0
5	2010 Revenue Bond Proceeds	0	3,875,000	0	0	0	0
6	Lease Proceeds	0	0	0	594,880	309,338	0
7	Grant Proceeds	0	0	0	0	0	0
8	State & Other Loan Proceeds	0	0	0	0	0	0
9	Interest	0	18,500	19,200	2,000	3,300	4,900
10	Total Sources	0	4,161,500	226,200	765,856	455,129	150,092
	Uses of Funds						
11	Capital Improvements						
12	Scheduled	0	1,535,000	2,005,000	714,000	377,000	70,000
13	Deferred	0	0	0	0	0	0
14	Subtotal CIP	0	1,535,000	2,005,000	714,000	377,000	70,000
15	Refunding 1995 Bonds	0	310,000	0	0	0	0
16	Allowance for Bond Issue Related Costs	0	465,000	0	0	0	0
17	Total Uses	0	2,310,000	2,005,000	714,000	377,000	70,000
18	Annual Surplus (Deficiency)	0	1,851,500	(1,778,800)	51,856	78,129	80,092
19	Ending Balance	0	1,851,500	72,700	124,556	202,685	282,777
20	Target Balance	100,000	125,000	150,000	200,000	225,000	250,000

APPENDIX B

(Scenario 2: 7 Year Bond Payment Schedule)

**TABLE 1-8
Solid Waste Utility
Revenue Requirements
Test Year 2011**

<u>Line No.</u>		<u>Amount</u>
	Operating Expenses	
1	Operations and Maintenance Expense	\$2,058,879
2	PILOT	64,367
3	546 - Utility Services (O&M)	70,000
4	336 - Computer System (O&M)	10,000
5	545 - Utilities Admin (O&M)	70,000
6	Total Operating Expenses	<u>2,273,246</u>
	Capital Costs	
	Lease Payment	
7	Existing	198,107
8	Proposed	0
	Debt Service	
9	Existing	0
10	Proposed	446,180
11	Total Capital Costs	<u>644,287</u>
	Transfers To / (From)	
12	Capital Fund for Projects	243,000
13	Capital Fund for Reserves	25,000
14	637 - LDCLOS	0
15	610 - Waste Water	0
16	633 - Solid Waste Const.	0
17	545 - Utilities Admin Loan Pay Back	40,000
18	545 - Utilities Admin Fund Loan	0
19	101 - General Fund Loan Pay Back	0
20	640 - Water Loan Pay Back	103,200
21	Total Transfers	<u>411,200</u>
22	TOTAL COST OF SERVICE	<u>3,328,733</u>
	ADJUSTMENTS	
	Revenue from Other Sources	
23	Miscellaneous Revenue	(68,500)
24	Environmental Gross Receipt Tax	(181,000)
25	Interest	(3,300)
26	Total Revenue from Other Sources	<u>(252,800)</u>
27	Increase (Decrease) in Operating Reserves	142,412
28	TOTAL ADJUSTMENTS	<u>(110,388)</u>
29	NET COST OF SERVICE	<u><u>\$3,218,345</u></u>

**Table 1-9
Solid Waste Utility
Units of Service
Test Year 2011**

Line No.	<u>Customer Class</u>	<u>Equivalent 96 gal Containers</u> Cost	<u>Equivalent 96 gal Containers</u> Volume	<u>Labor</u> container pickups	<u>Customer Bills</u>
Inside City					
1	Residential	69,369	69,211	299,513	69,108
2	Commercial	54,996	99,754	95,690	9,156
3	Total Inside City	124,364	168,966	395,202	78,264
Outside City					
4	Residential	3,240	3,240	14,040	3,240
5	Commercial	4,409	18,881	16,278	552
6	Total Outside City	7,649	22,121	30,318	3,792
7	Total City	132,013	191,087	425,521	82,056

**Table 1-10
Solid Waste Utility
Allocation of Operation & Maintenance Expense and Capital to Cost Components
Test Year 2011**

Line No.	Description	Total \$	Volume \$	Container Pickups \$	Containers \$	Utility Services \$
Salaries						
1	Existing FTEs	392,815	0	392,815	0	0
2	Additional FTEs	150,000	0	150,000	0	0
3	Subtotal Salaries	542,815	0	542,815	0	0
4	Fringe Benefits	190,524	0	190,524	0	0
5	Supplies	6,400	3,795	1,696	562	347
Travel						
6	Hauling Fees	180,000	180,000	0	0	0
7	Tipping Fees	375,000	375,000	0	0	0
8	Other	81,800	81,800	0	0	0
9	Subtotal Travel	636,800	636,800	0	0	0
10	Other Operating	259,300	259,300	0	0	0
Maintenance						
11	Road Equipment	100,000	100,000	0	0	0
12	Other	18,600	11,028	4,930	1,634	1,008
13	Subtotal Maintenance	118,600	111,028	4,930	1,634	1,008
Other						
14	Administration Fee	270,000	160,083	71,565	23,714	14,638
15	Other	23,440	13,898	6,213	2,059	1,271
16	Subtotal Other	293,440	173,980	77,778	25,773	15,909
17	Furniture & Equipment	11,000	6,522	2,916	966	596
18	PILOT	64,367	38,163	17,061	5,653	3,490
19	546 - Utility Services (O&M)	70,000	0	0	0	70,000
20	336 - Computer System (O&M)	10,000	0	0	0	10,000
21	545 - Utilities Admin (O&M)	70,000	0	0	0	70,000
22	Total Operating Expenses	2,273,246	1,229,587	837,720	34,588	171,351
Capital Costs						
Lease Payment						
23	Existing	198,107	198,107	0	0	0
24	Proposed	0	0	0	0	0
Debt Service						
25	Existing	0	0	0	0	0
26	Proposed	446,180	446,180	0	0	0
Transfers To / (From)						
27	Capital Fund for Projects	243,000	0	0	243,000	0
28	Capital Fund for Reserves	25,000	0	0	25,000	1
29	637 - LDCLOS	0	0	0	0	0
30	610 - Waste Water	0	0	0	0	0
31	633 - Solid Waste Const.	0	0	0	0	0
32	545 - Utilities Admin Loan Pay Back	40,000	23,716	10,602	3,513	2,169
33	545 - Utilities Admin Fund Loan	0	0	0	0	0
34	101 - General Fund Loan Pay Back	0	0	0	0	0
35	640 - Water Loan Pay Back	103,200	61,187	27,354	9,064	5,595
36	Total Capital Costs	1,055,487	729,190	37,956	280,577	7,765
37	Total Cost of Service	3,328,733	1,958,777	875,676	315,165	179,115
Adjustments to Cost of Service						
38	Miscellaneous Revenue	(68,500)	(40,614)	(18,156)	(6,016)	(3,714)
39	Environmental Gross Receipt Tax	(181,000)	(107,315)	(47,975)	(15,897)	(9,813)
40	Interest	(3,300)	(1,957)	(875)	(290)	(179)
41	Annual Surplus/ (Deficit)	142,412	84,436	37,747	12,508	7,721
42	Total Adjustments	(110,388)	(65,449)	(29,259)	(9,695)	(5,985)
43	Net Cost of Service	3,218,345	1,893,328	846,417	305,470	173,130
44	Subtotal of Directly Allocated Items	2,766,726	1,640,387	733,339	243,000	150,000
45			59.3%	26.5%	8.8%	5.4%
46						
Adjusted Units of Service						
		Equiv - 96 Gallon Container Volume	Equiv - 96 Gallon Container Pickup	Equiv - 96 Gallon Container Cost	Bills	
47	Inside City	168,966	395,202	124,364	78,264	
48	Outside City	27,652	37,898	9,561	4,740	
49	Total Adjusted Units of Service	196,617	433,100	133,925	83,004	
Units Cost of Service - \$ per Unit						
50	Inside City		9.630	1.954	2.281	2.086
51	Outside City		12.037	2.443	2.851	2.607

Table 1-11
Solid Waste Utility
Allocation of Cost of Service to Customer Classes
Test Year 2011

Line No.		Total	<u>Volume</u>	<u>Container Pickups</u>	<u>Containers</u>	<u>Utility Services</u>
Unit Costs of Service - \$ per Unit						
1	Inside City		9.630	1.954	2.281	2.086
2	Outside City		12.037	2.443	2.851	2.607
INSIDE CITY						
Residential						
3	Units of Service		69,211	299,513	69,369	69,108
4	Cost of Service - \$	1,554,186	666,472	585,344	158,223	144,146
		22.49	9.64	8.47	2.29	2.09
Commercial						
5	Units of Service		99,754	95,690	54,996	9,156
6	Cost of Service - \$	1,292,130	960,585	187,008	125,439	19,098
OUTSIDE CITY						
Residential						
7	Units of Service		3,240	14,040	3,240	3,240
8	Cost of Service - \$	90,983	39,000	34,298	9,238	8,448
Commercial						
9	Units of Service		18,881	16,278	4,409	552
10	Cost of Service - \$	281,047	227,272	39,766	12,570	1,439
11	Total Cost of Service	3,218,346	1,893,328	846,417	305,470	173,130

**Table 1-12
Solid Waste Utility
Comparison of Cost of Service
with Revenue Under Existing Rates
Test Year 2011**

<u>Line No.</u>	<u>Customer Class</u>	<u>Revenue Under Existing Rates</u> \$	<u>Cost of Service</u> \$	<u>Indicated Revenue Increase</u> %	<u>Policy Adjustment</u> %	<u>Policy Adjustment</u> \$	<u>Targeted Revenue from Proposed Rates</u> \$	<u>Percent Targeted Revenue is of Cost of Service</u> %
Inside City								
1	Residential	971,709	1,554,186	59.9%		(157,318)	1,396,868	89.9%
2	Commercial	771,759	1,292,130	67.4%	10%	129,213	1,421,343	110.0%
3	Total Inside City	1,743,468	2,846,316	63.3%		(28,105)	2,818,211	99.0%
Outside City								
4	Residential	57,056	90,983	59.5%		0	90,983	100.0%
5	Commercial	161,881	281,047	73.6%	10%	28,105	309,152	110.0%
6	Total Outside City	218,937	372,030	69.9%		28,105	400,135	107.6%
7	Total System	1,962,405	3,218,346	64.00%		0	3,218,346	100.0%

APPENDIX C

(Scenario 2: 7 Year Bond Payment Schedule)

**Solid Waste Utility
Residential Existing and Proposed Scenario 2 Rates**

Container Size	Existing Rates (\$ per bill)	2011 (\$ per bill)
Inside City		
Cart	\$14.05	\$20.50
Add Cart	9.66	10.90
1.5 cu yd	29.50	53.00
Outside City		
Cart	\$17.61	\$28.50
Add Cart	13.19	15.20
1.5 cu yd	37.02	73.70

**Solid Waste Utility
Commercial Existing Rates**

Existing Rates, \$ per bill - Inside City

Container Size	Frequency of Pickups						
	1	2	3	4	5	6	Extra
Cart	\$19.25	\$34.63	N/A	N/A	N/A	N/A	\$25.65
1.5 cu yd	\$32.07	\$57.73	\$83.36	\$109.02	\$134.66	\$160.33	\$32.07
2 cu yd	\$44.89	\$80.80	\$116.72	\$152.63	\$188.54	\$224.44	\$38.48
3 cu yd	\$64.12	\$115.43	\$166.75	\$218.03	\$269.35	\$320.64	\$51.32
4 cu yd	\$76.96	\$138.52	\$200.08	\$261.64	\$323.20	\$384.78	\$64.12
6 cu yd	\$96.18	\$173.16	\$250.10	\$327.05	\$404.01	\$480.95	\$83.36
8 cu yd	\$121.85	\$219.33	\$316.80	\$414.26	\$511.73	\$609.21	\$109.02

Existing Rates - Outside City

Container Size	Frequency of Pickups						
	1	2	3	4	5	6	Extra
Cart	\$24.15	\$43.42	N/A	N/A	N/A	N/A	\$32.20
1.5 cu yd	\$40.23	\$72.43	\$104.58	\$136.77	\$168.94	\$201.14	\$40.23
2 cu yd	\$56.32	\$101.36	\$146.44	\$191.48	\$236.52	\$281.59	\$48.27
3 cu yd	\$80.45	\$144.82	\$209.17	\$273.54	\$337.89	\$402.26	\$64.37
4 cu yd	\$96.54	\$173.78	\$251.01	\$328.23	\$405.48	\$482.72	\$80.45
6 cu yd	\$120.67	\$217.24	\$313.75	\$410.30	\$506.85	\$603.38	\$104.58
8 cu yd	\$152.86	\$275.16	\$397.44	\$519.71	\$642.00	\$764.29	\$136.77

**Solid Waste Utility
Commercial Proposed Scenario 2 Rates**

2011 Rates, \$ per bill - Inside City

Container Size	Frequency of Weekly Pickups						Extra
	1	2	3	4	5	6	
Cart	\$25.10	\$45.20	\$65.30	\$85.50	\$105.60	\$125.70	\$20.10
1.5 cu yd	\$64.80	\$110.40	\$155.90	\$201.50	\$247.00	\$292.50	\$45.60
2 cu yd	\$80.40	\$138.10	\$195.90	\$253.60	\$311.40	\$369.10	\$57.70
3 cu yd	\$106.40	\$188.80	\$271.10	\$353.40	\$435.80	\$518.10	\$82.40
4 cu yd	\$133.70	\$240.40	\$347.20	\$453.90	\$560.70	\$667.40	\$106.70
6 cu yd	\$189.80	\$345.70	\$501.60	\$657.50	\$813.50	\$969.40	\$155.90
8 cu yd	\$243.00	\$448.00	\$652.90	\$857.80	\$1,062.80	\$1,267.70	\$205.00

2011 Rates, \$ per bill - Outside City

Container Size	Frequency of Weekly Pickups						Extra
	1	2	3	4	5	6	
Cart	\$31.40	\$56.50	\$81.70	\$106.90	\$132.00	\$157.20	\$25.13
1.5 cu yd	\$81.00	\$138.00	\$194.90	\$251.90	\$308.80	\$365.70	\$57.00
2 cu yd	\$100.50	\$172.70	\$244.90	\$317.00	\$389.30	\$461.40	\$72.13
3 cu yd	\$133.00	\$236.00	\$338.90	\$441.80	\$544.80	\$647.70	\$103.00
4 cu yd	\$167.20	\$300.50	\$434.00	\$567.40	\$700.90	\$834.30	\$133.38
6 cu yd	\$237.30	\$432.20	\$627.00	\$821.90	\$1,016.90	\$1,211.80	\$194.88
8 cu yd	\$303.80	\$560.00	\$816.20	\$1,072.30	\$1,328.50	\$1,584.70	\$256.25