



Financial Plan and Rate Study for Solid Waste Enterprise Fund Orange County, NC

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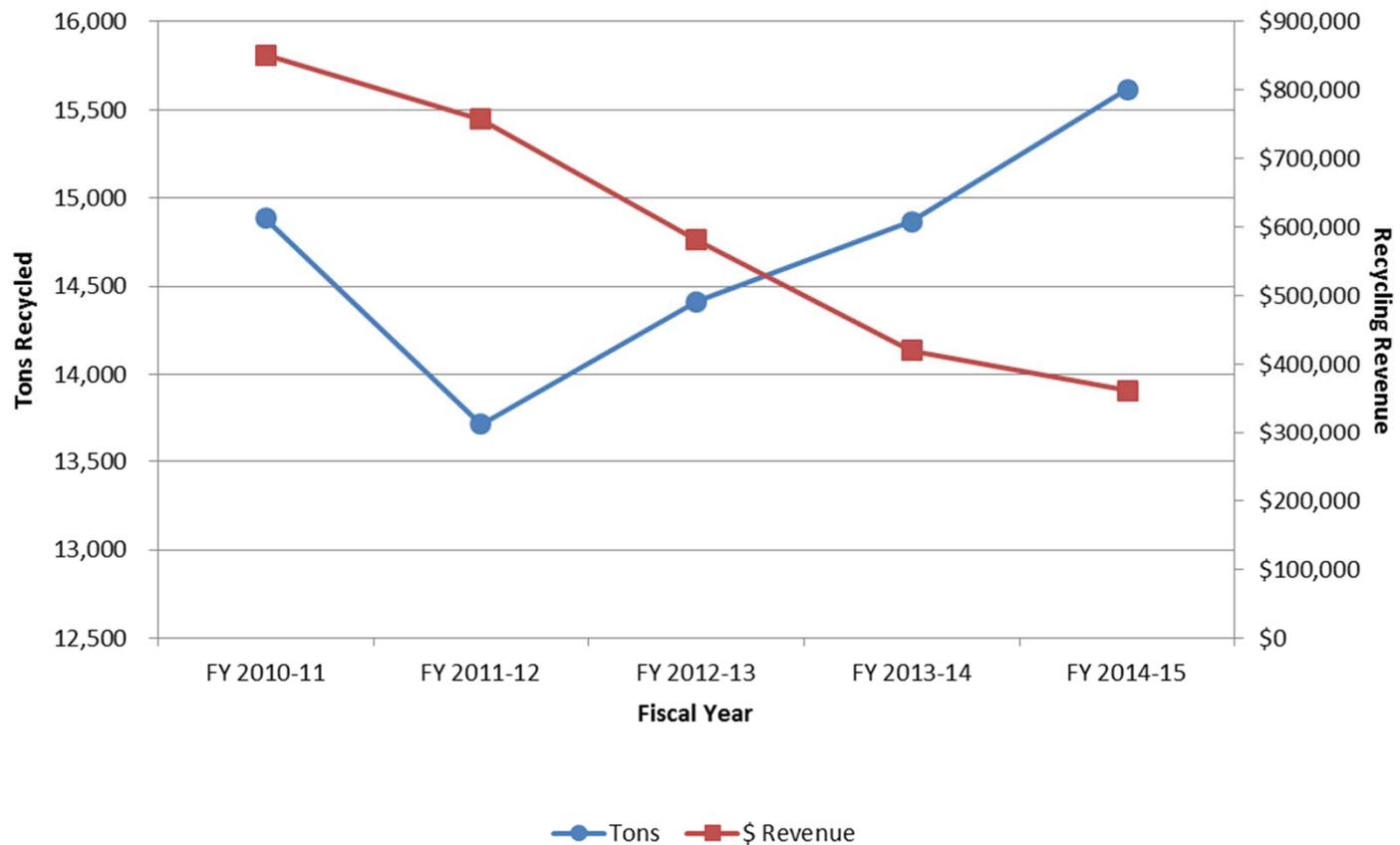
Outline

- SW Department Operations/Financing Review
- SW Operations/Financing Modeling
 - Basis for Revenues/Expenses
 - Status Quo Budgetary Modeling
- Model Results and Findings

SW Operations/Financing Background

- Solid Waste Program provides superior waste management and recycling services
- Sanitary Landfill closed at FY 2012-13 conclusion
- Sanitary Landfill tipping fee revenue loss ~\$2.5 Million/year
- Recyclable Materials revenue decline ~\$0.5 Million/year
- Declining C&D tipping fee revenue

Recyclable Material Tonnages and Revenue: FY 2010-11 to 2014-15



Source: Orange County, FY 2015-16

SW Operations/Financing Background

- Annual Program fee of \$107/parcel initiated in FY 2015-16 replaced other fees (3RRR, Waste and Recycling Center Fee)
- General Fund contribution of ~\$1.5 to \$2 Million/year has occurred since Sanitation Division was moved to Solid Waste
- The Fund is estimated to have a deficit for FY 2015-16

Basis for Revenues & Expenses

- FY 2016-17 Preliminary Budget from County
 - Compare values with Past Actuals to check reasonableness
 - Used budget values as baseline for revenue & expense projections w/ conservative assumptions
- Special Considerations
 - SW Programs Fee
 - General Fund Contribution
 - Appropriated SW Fund Balance
 - CAPEX, Debt Service, Equipment Reserves

Basis for Revenues & Expenses

- Assumptions
 - CPI - 2.1%
 - SW Programs Fee – 1.1% parcel growth of current 60,178 parcels
 - Current City of Durham Transfer Station Tipping Fee - \$2/ton increase

Status Quo Budgetary Modeling

- 5-Year Projection
- Maintains Revenues
 - SW Programs Fee – \$107/parcel
 - Appropriated SW Fund Balance
 - Set to \$0 in FY 2016-17, this excludes all sources, even loan proceeds;
 - Excludes sources other than loan proceeds in last 4 years;
 - Contribution from Reserves – Maintained separately from Appropriated SW Fund Balance in last 4 years
 - General Fund Contribution

Status Quo Budgetary Modeling

- Maintains Expenses associated with existing Programs and Services

Status Quo Budgetary Modeling

see handout

Status Quo Budgetary Modeling

- FY 2016-17

• True Enterprise Fund Deficit	=	\$3.9 Million
- General Fund (GF) Contribution	=	\$2.0 Million
<u>- SW Fund Balance</u>	<u>=</u>	<u>\$1.9 Million</u>
• Yields Balanced SW Budget	=	\$0

- FY 2017-18

• True Enterprise Fund Deficit	=	\$3.9 Million
<u>- Current GF Contribution</u>	<u>=</u>	<u>\$2.0 Million</u>
• Remaining SW Deficit	=	\$1.9 Million

- FY 2020-21

• True Enterprise Fund Deficit	=	\$4.4 Million
<u>- Current GF Contribution</u>	<u>=</u>	<u>\$2.0 Million</u>
• Remaining SW Deficit	=	\$2.4 Million

Summary/Conclusions

- SCS will continue to work with the County to develop a 5-year financial plan for the Solid Waste Operations
- Continued, ongoing efforts to solve the Fund's structural imbalance
- Objective is for recurring revenues to equal recurring expenses
- Review additional best practices to optimize revenue and expense options
- Utilize analysis of 5-year financial plan and benchmarking results for deployment in FY 2017-18 budget