



Agenda Item Cover Sheet

Agenda Item N^o: D-4

Meeting Date 8/4/2021

Consent Section

Regular Section

Public Hearing

Subject: Hold Public Hearing and Adopt a Rate Resolution to set the Solid Waste System's assessment, fees, rates and charges for fiscal year 2022.			
Department Name: Solid Waste			
Contact Person: Kimberly A. Byer		Contact Phone: 813-612-7718	
Sign-Off Approvals:			
George Cassady	7/29/2021	Kimberly Byer	7/29/2021
Assistant County Administrator	Date	Department Director	Date
Kevin Brickey	7/29/2021	Hank Ennis	7/29/2021
Management and Budget – Approved as to Financial Impact Accuracy	Date	County Attorney – Approved as to Legal Sufficiency	Date
Tom Fesler	7/29/2021		
Deputy or Chief County Administrator	Date		

Staff's Recommended Board Motion:
 Conduct a public hearing and adopt the resolution which establishes the Solid Waste non-ad valorem disposal and collection assessment rates, other user fees and charges, and the solid waste disposal and collection rolls. Monies collected from the assessment, fees and charges are used to fund the cost of providing disposal and collection services within the County's Solid Waste service area. The recommended FY 21 budget of the Solid Waste Enterprise Fund reflects a \$63.47 per unit increase in the combined non-ad valorem assessments for those single-family residential customers who receive both solid waste collection and disposal services. This represents an annual increase of \$48.04 per unit to the single-family residential collection assessment and a \$15.43 per unit increase to the disposal assessment. The rate schedule for 2022 combined with other revenues such as electricity will be sufficient to pay all expected expenditures.

Financial Impact Statement:
 The rates schedule for 2022 combined with other revenues such as electricity sales and tipping fees will be sufficient to pay all expected expenditures to support the Solid Waste Enterprise Fund.

Background:
 The purpose of this public hearing is to receive public comment and adopt the annual Solid Waste System's assessments, fees, rates, and charges. The legal notice for the Public Hearing was published on July 11, 2021, in the Tampa Bay Times and on July 9, 2021, in the Florida Sentinel Bulletin. Additionally, all single-family residential property owners who receive residential solid waste services were notified of the public hearing via first-class mail. For those single-family residential customers who receive both solid waste collection and disposal services, staff is recommending a \$63.47 increase in the combined non-ad valorem assessments. A disposal rate increase is being proposed for Commercial and Municipal Processable and Non-Processable, Yard waste and Tires. A Hardship / Affordability Assistance Credit program is recommended to provide economic assistance to qualifying low income owner-occupied residential units in the amount of \$60.00 annually.

The collection assessment increase is related to the solid waste collection contracts. These contracts were awarded on June 4, 2021, resulting in a 31.5% increase in the monthly household rate for solid waste

collection services. According to the contractors, these increased rates are related to the maintenance/purchasing cost of collection vehicles, increased fuel prices, labor costs, and the steady population growth in the County. The increase in the disposal assessment is contributed to the County's population growth, increased waste generation, and contractual increases for the operation of County disposal facilities. As a result, this has given rise to the need to extend the life of existing solid waste facilities and invest in new facilities and resources to manage the waste in an environmentally sustainable manner.

The Public Hearing is necessary to receive comments and adopt the annual Solid Waste System's assessments, fees, rates and charges.

List Attachments: Solid Waste Rate Resolution; Solid Waste Affordability Hardship Credit Program; Revenue Sufficiency and Rate Evaluation Report for Fiscal Year Ending 2021; FY22 Solid Waste Rate Hearing Power Point Presentation

RESOLUTION NO. R-_____

A RESOLUTION PROVIDING FOR THE ADOPTION OF SOLID WASTE RATES, FEES, AND CHARGES; PROVIDING FOR THE APPROVAL OF THE SOLID WASTE NON-AD VALOREM DISPOSAL AND COLLECTION ASSESSMENT RATES; PROVIDING FOR THE APPROVAL OF THE SOLID WASTE NON-AD VALOREM DISPOSAL AND COLLECTION ASSESSMENT ROLLS.

UPON MOTION BY COMMISSIONER _____, SECONDED BY COMMISSIONER _____, THE FOLLOWING RESOLUTION WAS ADOPTED BY A VOTE OF _____ TO _____, COMMISSIONER(S) _____, _____, and _____, VOTING "NO".

WHEREAS, Chapter 130 of the Hillsborough County Code of Ordinances and Laws, requires that the County adopt a rate resolution to set fees, rates, and other charges in connection with the collection and disposal of solid waste; and

WHEREAS, the County desires to continue to assess a solid waste non-ad valorem disposal assessment pursuant to the procedures in Section 197.3632 Florida Statutes; and

WHEREAS, the County desires to continue to assess a solid waste non-ad valorem collection assessment pursuant to the procedures in Section 197.3632 Florida Statutes, and

NOW, THEREFORE, be it resolved by the Board of County Commissioners of Hillsborough County, Florida, in regular meeting assembled this _____ day of _____, 2021.

- 1) The Board of County Commissioners adopts the attached schedule of solid waste rates, fees, and charges for the fiscal year and calendar year 2022, attached hereto and incorporated herein by reference.
- 2) The rates, fees, and charges established by Resolution No. R20-055 and any amendments thereto, shall remain in effect until such time as they are superseded as referenced in the attached schedule to this Resolution.
- 3) The County adopts the solid waste non-ad valorem disposal assessment and the solid waste non-ad valorem collection assessment rolls on file with the County Administrator. If an applicant qualifies for the Hardship / Affordability Assistance Credit the County Administrator or their designee is authorized to issue a correction to the roll to reflect the Hardship / Affordability Assistance Credit for the applicant.
- 4) The County adopts the solid waste disposal assessment and collection assessment rates as referenced in the attached schedule incorporated herein by reference.

- 5) The unit of measurement for the solid waste collection assessment is determined as follows:

Each resident customer as defined in Chapter 130 of the Hillsborough County Code of Ordinances and Laws shall be assessed the proportionate cost to provide the benefit of solid waste collection services to the property. The unit of measurement for the solid waste collection assessment is a residential customer.

- 6) The unit of measurement for the solid waste disposal assessment is determined as follows:

Each disposal customer shall be assessed the proportionate cost to provide the benefit of solid waste disposal services to the property. The unit of measurement for the solid waste disposal assessment is all residential customers, including those exempt customers who self-haul their solid waste to a disposal facility for disposal.

- 7) For mobile home parks that receive residential collection service, the number of residential customers and residential units for solid waste collection and disposal assessment purposes within a mobile home park shall be determined pursuant to the specific requirements for mobile home parks that receive residential collection service as stated in Chapter 130 of the Hillsborough County Code of Ordinances and Laws.

- 8) The Board of County Commissioners authorizes its designee, the County Administrator, or his or her designee, to certify the solid waste residential non-ad valorem assessment collection and disposal rolls on compatible electronic medium to the Tax Collector.

- 9) Residential customers and residential units which are added to the solid waste non-ad valorem assessment collection and disposal assessment rolls after the rolls have been certified shall be assessed from the date of the Certificate of Occupancy a prorated amount of the collection assessment rate and the disposal assessment rate for the year in which service was provided along with the current year's collection and disposal assessments.

- 10) The above-referenced non-ad valorem assessments shall be collected each year solid waste collection or disposal benefits are provided unless amended by the Board of County Commissioners in a subsequent resolution.

- 11) A copy of this Resolution shall be kept on file with the Clerk of the Circuit Court of Hillsborough County and shall be open to inspection to all interested parties.

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

I, CINDY STUART, Clerk of the Circuit Court and ex Officio Clerk to the Board of County Commissioners of Hillsborough County, Florida, do hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted by the Board of County Commissioners of Hillsborough County, Florida, at its regular meeting of _____, 2021, as the same appears in Minute Book _____ of the Public Records of Hillsborough County, Florida.

WITNESS my hand and official seal this _____ day of _____, 2021.

CINDY STUART
Clerk of the Circuit Court

By: _____
Deputy Clerk

Approved by County Attorney
As to Form and Legal Sufficiency

By: _____
Assistant County Attorney

Attachment to the 2022 Solid Waste Rates, Fees, Charges, and Assessments Resolution

SOLID WASTE RATES, FEES, AND ASSESSMENTS FOR COLLECTION
AND DISPOSAL SERVICES

ANNUAL ASSESSMENTS AND SERVICE FEES

THE BELOW REFERENCE RATES ARE EFFECTIVE JANUARY 1, 2022

(a) ANNUAL DISPOSAL ASSESSMENT PER DWELLING UNIT⁽¹⁾

Single Family, Regular ⁽²⁾	\$118.32
Single Family, Senior Citizen ⁽³⁾	\$ 84.30
Condominium, Regular ⁽⁴⁾	\$ 76.23
Condominium, Senior Citizen ⁽³⁾⁽⁴⁾	\$ 53.16

(b) ANNUAL COLLECTION ASSESSMENT PER DWELLING UNIT

Curbside ⁽⁵⁾	\$234.47
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(c) OTHER RATES AND FEES

Additional Cart Service Fee ⁽⁶⁾	\$65.00 per individual New Cart Delivered
Cart Swap Fee	\$20.00 per Customer requested change-out

THE BELOW REFERENCE RATES ARE EFFECTIVE OCTOBER 1, 2021

DISPOSAL RATES PER TON ⁽⁷⁾

	<u>PROCESSABLE ⁽⁸⁾</u>	<u>NON-PROCESSABLE ⁽⁹⁾</u>
Municipalities ⁽¹⁰⁾	\$70.77	\$44.98
Commercial	\$84.20	\$71.74
Non-profit Recycling Residue ⁽¹¹⁾	NA	\$35.00
Yard/Wood Waste Processing ⁽¹²⁾	NA	\$42.62

	<u>TIRE DISPOSAL/Ton</u>	<u>TIRE DISPOSAL/EACH</u>
Passenger Tires ⁽¹³⁾	\$149.50	\$6.90
Tires with Rims ⁽¹⁴⁾	\$212.75	\$9.20
Semi-Truck, Oversized and Off-Road Tires ⁽¹⁵⁾	\$178.25	\$16.10

OTHER RATES AND FEES

Mixed Load Surcharge ⁽¹⁶⁾	2 times the posted rate
Witness Disposal ⁽¹⁷⁾	\$100.00 per event
After Hours Disposal ⁽¹⁸⁾	\$300.00 per hour
Recycling Registration ⁽¹⁹⁾	\$50.00 each
Vehicle/Trailer Weight ⁽²⁰⁾	\$10.00 each
Biosolids for Composting ⁽²¹⁾	\$23.11 a ton
Asbestos ⁽²²⁾	\$158.25 a ton
Load Search Fee ⁽²³⁾	\$100.00 per event

SCALES INOPERABLE

Disposal rates per ton are still in effect when the scales are inoperable for a non-Emergency Event. However, the weight of the load will be determined by cubic yards or average net tonnage from the tonnage tracking system, depending on the waste type, vehicle type, and customer.

EMERGENCY EVENT

Rates are effective for a specified period of time for a specific natural disaster. Each instance will be approved by Board Resolution or by an appropriate action of the County Administrator during a declared State of Emergency. Under no circumstance will these rates be established below the cost of the contracted cost of disposal.

	<u>PROCESSABLE</u>	<u>NON-PROCESSABLE</u>
Landfilling	\$49.45	\$40.25
Yard/Wood Waste Processing	NA	\$34.50
Incinerator/Processable	\$49.45	NA

DEPOSITS

The Florida State Constitution, Article VII, Section 10, prohibits a governmental agency from extending credit in the manner normally viewed as "credit". As a result, a payment system has been established in the following manner:

- a. Franchisees are required to provide cash deposits, irrevocable letters of credit, or payment bonds to Hillsborough County as assurance for payment of monthly disposal fees. The amount of the letter of credit or payment bond shall be based on a 60-day disposal fee period (BOCC Policy, Section 09.08.01.00).
- b. All other accounts are required to maintain a minimum deposit of \$500, or the estimated largest amount expected to be used during any given month.

HARDSHIP / AFFORDABILITY ASSISTANCE CREDIT

Upon approval by the Board of County Commissioners and pursuant to Section 130-63, Hillsborough County Code of Ordinances and Laws, Part B the County has established Hardship / Affordability Assistance Credit to provide economic assistance to eligible and qualifying low income owner-occupied residential units as defined therein. Subject to the availability of funds, applicants must apply and be approved prior to September 30, 2021 to receive the Hardship / Affordability Assistance Credit for such respective fiscal year.

The program is funded annually from contributions made by the County General Fund and will not be funded from the revenues of the Solid Waste Management Program. The annual Credit established by the Board of County Commissioners to be effective January 1, 2022 through December 31, 2022 shall be as follows:

- a. For eligible property classified as Residential Unit as defined in Chapter 130 of the Hillsborough County Code of Ordinances and Laws, the credit that will be applied to the disposal assessment shall be \$45.00 and the credit that will be applied to the collection assessment, if any, shall be \$15.00 for a combined credit not to exceed \$60.00 for this class of service. Eligibility requirements are outlined in Section 130-63, Hillsborough County Code of Ordinances and Laws,

FOOTNOTES

- (1) Additional annual assessment charges to customers who are added to the Collection and Disposal Assessment (CDA) Roll after the CDA Roll has been certified will receive prorated tax bill from the date of Certificate of Occupancy to the current calendar year. The disposal assessment includes an allowance of up to 2 tons per residential unit for bulky waste that does not qualify for curbside collection that may be self-hauled to the County's landfill or community collection sites.
- (2) Amount assessed annually upon owners of Improved Residential Real Property for the disposition of solid waste as prescribed in Section 130-56, Hillsborough County Code of Ordinances and Laws, Part B.
- (3) Amount assessed to those owners of Improved Residential Real Property who qualified for a senior citizen discount as provided in Section 130-61, Hillsborough County Code of Ordinances and Laws, Part B. The discount has been calculated at 28.736% of the single-family annual assessment rate.
- (4) Amount assessed annually upon owners of Condominium parcels. The rate has been calculated at 35.557% of the single-family annual assessment rate. Senior citizens receive an additional 30.279% discount on this rate.
- (5) Amount assessed annually upon owners of Improved Residential Real Property and other qualified property owners for the collection of solid waste as prescribed in Chapter 130-57, Hillsborough County Code of Ordinances and Laws, Part B.
- (6) Additional Cart Service Request Fee shall be applicable to all existing residential unit(s) that requests to have an additional solid waste garbage or recycling collection cart delivered to the premise. The fee shall be charged for the additional cart delivered.
- (7) Each transaction shall be based on the net weight times the rate per ton with a minimum charge of 10% of the appropriate rate if the transaction is 200 pounds or less.
- (8) Processable solid waste is that solid waste which is capable of being processed through the Resource Recovery Facility.
- (9) Non-processable solid waste is that solid waste which is not able to be processed at the Resource Recovery Facility.
- (10) The rate is applicable to Municipalities and agencies of the Hillsborough County Board of County Commissioners for processable waste delivered to the Resource Recovery Facility and Non-Processable waste delivered to the Southeast County Landfill.
- (11) The rate is applicable to non-profit organizations that are registered with the State of Florida in accordance with Chapter 212 Florida Statutes and the Federal Government in accordance with Internal Revenue Code Section 501c(3) and, except for recycling, the donation of surplus materials from residential units and businesses. This rate only applies to the residue generated from the recycling activities.
- (12) Yard/Wood Waste delivered to the County for processing, including but not limited to delivery to the Yard/Wood Waste Facility at Northwest on Linebaugh Avenue, or the Yard/Wood Waste Facility on Falkenburg Road, or the Yard/Wood Waste Facility at South County on U.S. 41.
- (13) Passenger tires without rims and less than 18" in diameter.

- (14) Any tires with rims.
- (15) Oversized tires, semi-truck or off-road tires that exceed 18" in diameter.
- (16) The Mixed Load Surcharge, designed to encourage separation, shall apply to customers who deliver mixed loads (as defined by the Public Works Department) to County facilities. The rate shall be two times the rate that would normally be charged for the predominate material.
- (17) Disposal that requires a witness to be present during the disposal process.
- (18) Disposal before or after the hours of 7:30 a.m. - 5:30 p.m. Monday through Saturday or on Sunday, unless otherwise approved by the Solid Waste Director.
- (19) Application fee to be paid by a vendor seeking a recycling registration.
- (20) This charge is required when a customer requests a vehicle and/or trailer to be weighed solely to determine the weight.
- (21) Biosolids from municipalities, approved quantities accepted are limited by operational and permitted capacity.
- (22) Asbestos-containing material (friable and non-friable) is only accepted at the Southeast County Landfill after obtaining special waste approval in advance. There are also special packaging and notification requirements prior to being delivered.
- (23) The rate is applicable to residential and commercial load searches. This permits customers to search processable or non-processable loads for personal belonging accidentally disposed of in residential or commercial loads. A waiver of liability and proper personal protection equipment are required. The facility Manager has the right to refuse load search requests based on facility access or other health and safety concerns. The load search will be limited to 2 hours.

HILLSBOROUGH COUNTY

Solid Waste Management Hardship / Affordability Credit Program

Final Report / July 15, 2021



July 15, 2021

Ms. Kimberly Byer, P.G.
Director, Solid Waste Management Division
Hillsborough County
332 N. Falkenburg Road
Tampa, FL 33619

Subject: **Solid Waste Management Hardship / Affordability Credit Program**

Dear Ms. Byer:

Raftelis Financial Consultants, Inc. (“Raftelis”) was requested to assist the Solid Waste Management Program (the “Program”) in the evaluation and recommendation of a Hardship / Affordability Credit Program as requested by the Board of County Commissioners (the “Board”) of Hillsborough County (the “County”). The evaluation and recommendations have been developed in conjunction with County staff and the policies and procedures adopted by the County for other departments (which are funded by a fee for service rendered – e.g., stormwater management). This technical memorandum summarizes the result of our evaluations and considerations for your consideration.

We appreciate the opportunity to assist the Solid Waste Management Program with its evaluation of the potential implementation of a Hardship / Affordability Credit Program for consideration by the Board.

Very truly yours,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink that reads 'Robert J. Ori'.

Robert J. Ori
Executive Vice President

RJO/dlc
Attachments

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SOLID WASTE MANAGEMENT HARDSHIP / AFFORDABILITY CREDIT PROGRAM

General

An issue facing the County’s Solid Waste Management Program (the “Program”), as well as other Hillsborough County (the “County”) enterprise and special revenue funds for which the primary source of revenues is from the application of monthly rates for service (e.g., the water and wastewater utility system), deals with the affordability of the payment for certain services provided by the County. This issue is not just a County-specific concern but an issue facing local governments across the Country. Furthermore, this ability to pay for services has been further compounded by the continued effects of the COVID-19 pandemic.

To provide some form of assistance to low-income households many local governments, including the County, have implemented some form of a hardship or affordability program. For enterprise and special revenue funds, which includes the Program, many governments have provided for some form of bill reduction for the payment of services to help those households that are in economic need of assistance. These programs are generally extended or offered only to residential customers that own the property and thus are responsible for the ultimate payment of the bills for service. The Board of County Commissioners (the “Board”) has recognized the need to provide assistance and has implemented a rate discount or reduction program for those applicable properties for the water and wastewater system and for the stormwater management program in an effort to address these challenges.

Residential Solid Waste Rates

From a financial reporting perspective, the Program is accounted for as an “enterprise fund” of the County. In general, the Program must have revenues equal to the costs of the services provided by the Program (i.e., collection, disposal, and recycling of solid waste) and the County must establish service charges or rates sufficient to cover the cost of operating, maintaining (including landfill closure), repairing, expanding, and financing renewals and replacements of the fixed assets in order to provide service to the customers of the Program. The Program receives no benefit from County taxes or other revenues of the County government; all Program expenditure requirements are funded from the Gross Revenues derived from Solid Waste System operations.

Based on recent industry trends and the financial projections prepared for the Program, the cost to provide collection service (from franchised contracted haulers) and to dispose of solid waste has and is expected to increase significantly. This is due to a variety of factors, including the current contract service costs associated with the providing residential curbside collection, continued cost increases in recycling and yard waste processing due to market conditions, reductions in electric revenues based on fuel price trends and the electric capacity needs of the energy suppliers which affects the net cost of the operation of the waste-to-energy facility, inflation and growth, and other factors.

The rates charged to single-family residential units (including single-family homes, mobile homes, townhouses, condominiums, etc.) as defined in the Code of Ordinances, Chapter 130 (the “Solid Waste Ordinance”) are billed annually as a non-ad valorem assessment on the property tax bill. This method of billing is allowed and governed by Florida Statutes, Chapter 197 and include both a collection assessment and a disposal assessment.

Because of the increased cost to provide disposal and collection service based on market conditions which is uncontrolled by the County, it is anticipated by the annual residential solid waste assessment units will increase in Fiscal Year 2022 and in subsequent fiscal years to fully recover the cost of providing service (such rates have not yet been approved by the Board but are expected to be increased due to the needs of the Program to fund the contractual commitments for service). The Fiscal Year 2022 and forecasted rates for collection and disposal service is summarized below on the following table:

Residential Disposal and Collection Assessment						
	Current	Proposed	Projected			
	2021	2022 (Est.)	2023	2024	2025	2026
Residential Assessment (Single-family Unit)	\$186.43	\$234.47	\$280.16	\$285.76	\$291.48	\$297.31
Collection Assessment	\$102.89	\$118.32	\$136.07	\$183.70	\$229.62	\$267.51
Disposal Assessment	\$289.32	\$352.79	\$416.23	\$469.46	\$521.10	\$564.82
Total Assessment		\$63.47	\$63.44	\$53.23	\$51.64	\$43.72
Annual Change		\$5.29	\$5.29	\$4.44	\$4.30	\$3.64
Monthly Change		\$0.17	\$0.17	\$0.15	\$0.14	\$0.12
Daily Change		21.9%	18.0%	12.8%	11.0%	8.4%
% Change						

Because of the need to adjust rates to fully fund the cost of providing solid waste service yet meet the challenges of assisting certain low-income residential customers that may be most impacted economically by the identified adjustments, the Board of County Commissioners (the “Board”) has expressed a desire to implement a Hardship / Affordability Program similar to the programs for the water and wastewater utility and stormwater management programs.

Proposed Hardship / Affordability Assistance Program

As presented above, the solid waste rates charged for residential service include i) an annual disposal assessment and ii) an annual collection assessment which collectively for Fiscal Year 2022 is proposed to be \$352.79 which represents an annual increase of \$63.47 from the current year. For the Fiscal Year 2022 the primary reason for the change in the annual assessment is due to increased collection services. However as one reviews the forecast of the Solid Waste System operations, the primary need for adjustments over the long-term focus on the disposal aspect of the total rates for service.

As previously mentioned, the County has implemented a rate discount or reduction program for those applicable properties for the water and wastewater system and for the stormwater management program. Although the outcome is the same – immediate rate relief to a specific residential customer – the programs are somewhat different based on the way services are billed. Specifically, the bill rendered for water and wastewater utility service is monthly on a specific bill rendered to the person that has established service with the utility (may not be the property owner). The bill for solid waste collection and disposal services is billed annually as a non-ad valorem assessment and is subject the statutes and case law regarding the application of such assessments. A non-ad valorem assessment is a special assessment or service charge which is not based on the value of the property and is assessed to fund certain special benefits to a property that is burdened by the assessment which would include solid waste service.

Under the special assessment billing approach adopted by the County, the Solid Waste Program Fees are billed to specific single-family property owners based generally on the waste generation levels (tons collected and disposed per residential unit) or service needs of the residence. The methodology used to develop the Program rates are designed to ensure a “fair share” apportionment of solid waste collection and disposal costs among the various residential units, which include single-family and certain multi-family, mobile home and condominium residential-related properties (reference is made to the County’s Code of Ordinance, Section 130).

In the case of water and sewer affordability programs, many utilities incorporate such programs directly into the utility’s rate structure (e.g., a “lifeline” rate) or provide a specific discount based certain eligibility criteria which results in a reduced rate being charged to the residence (typically in the form of a reduction to the monthly base charge) to achieve a more affordable rate. Typically, exemptions or discounts applied to certain property-based special assessment programs are not applied directly to the program rate structure so the revenue loss impact of implementing Hardship / Affordability Credit Programs is funded or paid for from other revenue sources so as to satisfy the “fair share” apportionment of solid waste costs among the various property classifications consistent with the Uniform Assessment Collection Act.

The County has recognized that the solid waste generation from residential units classified as Single-family, Senior Citizen and Condominium Regular and Senior Citizen Pay a lower rate than the Single-family, Regular customer class. The County has indicated that the rates for the other residential class and therefore the Program employs a “tiered” rate for the application of the disposal fees; there is no distinction in service requirements for the cost of collection. The methodology used to develop the stormwater rates was designed to ensure a “fair share” apportionment of stormwater costs among the various residential single-family, multi-family, commercial, and institutional properties

Hardship / Affordability Assistance – Rate Credit

It is recommended that the reduction in a homeowner’s annual assessment for disposal and collection service be in the form of a credit to their bill (assessment) and not a discount which would be funded from all other users of the Program (whether directly as an increase in rates or from the use of cash reserves generated from rate payers in prior periods). The determination of the application of a credit to the bill recognized the following:

- The Program is accounted for as an enterprise fund and the cost of providing service is derived solely from the operating revenues of the Program which recognizes that rates must fully support the cost of providing service.
- The rates for service must satisfy the “fair share” apportionment of solid waste costs among the various property classifications consistent with the Uniform Assessment Collection Act and there does not appear to be a special benefit received from the parcel paying a higher fee for the specific purpose of providing a rate benefit to other customers of the same rate class.
- A credit to a bill is not considered by the County as a special or discounted rate but a bill reduction associated with the receipt of contributed capital that is proposed to be funded from sources outside of the Program and the availability of such capital (cash) to be applied as a credit to the assessment.
- The application of a credit is based solely on eligibility criteria to determine a hardship condition and is considered as being “outside” the provisions of providing solid waste collection and disposal service by the

Program (i.e., the cost of providing service and the rates charged for such service are unaffected by the capital contributions received by the solid waste customer).

Hardship / Affordability Assistance Credit Amount

The Hardship / Affordability Program credit is a policy decision as to the amount to be provided to an eligible homeowner and is not based on the cost of providing service which be the basis for the determination of the Program rates. A review of the hardship programs for the Stormwater Management and Water and Wastewater Utility Programs assumed an annual credit ranging from \$60.00 to approximately \$76.00. The anticipated change in the combined collection and disposal Program rates (assessments) for Fiscal Year 2022 / 2023 as discussed earlier is \$63.47 (note if the full early payment discount is taken advantage of by the property owner as allowed by Florida Statutes, the combined annual solid waste rate would increase by \$61.02). Since the application of the credit is a new program and to be consistent with the approximate level of hardship payment reductions being received by residences for the stormwater management and utility programs, it is recommended that the credit be set at \$60.00 and be allocated to the collection and disposal assessments based on the projected or forecasted trend in the change in cost. Based on the financial forecast most recently prepared for the Program and the assumed level of credit being considered, the credit that will be applied to the disposal assessment shall be \$45.00 and the credit that will be applied to the collection assessment, if any, shall be \$15.00 for a combined credit not to exceed \$60.00 for each eligible residential unit.

Hardship / Affordability Assistance Eligibility Criteria

In order to target the program to those property owners / customers that are in the most need of economic assistance, the County should consider the adoption of an eligibility policy that sets forth the criteria for the basis of receiving a credit towards their respective solid waste disposal and collection assessments. The eligibility criteria should be consistent, to the extent possible, with other hardship / affordability assistance programs already adopted by the Board (e.g., stormwater management). Additionally, since the credit affects the overall payment for services rendered, it is recommended that the policy and eligibility be codified by Ordinance (i.e., as a section of Chapter 130 of the Code dealing with Solid Waste Collection and Disposal and referred to as the “Solid Waste Ordinance”) and referenced in the Board-adopted rate resolutions as part of the implementation of the rates for solid waste service.

The annual credit amount to be provided towards the solid waste service charges for an eligible residential customer pursuant to the Hardship / Affordability Assistance Credit Program shall be established by resolution which will be determined annually – in no event should the credit be greater than the disposal and/or collection assessment to be charged to the respective residential customer for solid waste service. Based on discussions with the County and the current assistance policies and criteria adopted by the County for other similar programs, the following policies and eligibility criteria are suggested for the solid waste Hardship / Affordability Assistance Credit program:

- Any credit to be provided to an eligible customer shall be reflected as deduction to the amount of the solid waste disposal assessment and/or the solid waste collection assessment. The credit is recommended to be considered as a payment assistance program and not a cost of service and rate differential in order to maintain the special benefit criteria in support of the establishment of rates and their billing as a non-ad valorem assessment.
- The Hardship / Affordability Assistance Credit should not be applicable to any customers or properties that are not considered as an owner-occupied residential customer which shall be defined in the ordinance.

- To be eligible and qualify to receive a Hardship / Affordability Assistance Credit, the following is recommended to apply:
 - a. The property subject to receiving the Hardship / Affordability Assistance Credit shall have been receiving disposal service from the System (an active customer – must have a disposal assessment) and will be included on the documentation submitted to the Tax Collector in order to bill the disposal assessment as of January 1st of the year in which the credit is to be applied.
 - b. The Hardship / Affordability Assistance Credit should only be available to the applicant that is also named as the owner of the residential property for which solid waste service is being provided.
 - c. The residential property must be the primary residence of the applicant, must be owner-occupied, must be a single-family residential unit (including condominiums and townhouses) which has received a current homestead exemption for the applicable fiscal year pursuant to Florida Statutes, Subsection 196.031 and which has a taxable value of less than \$100,000 after the homestead exemption.
 - d. The applicant cannot request more than one credit for solid waste service or be considered as a member of another household requesting the Hardship / Affordability Assistance Credit.
 - e. The County Administrator, or his or her designee, should be the responsible person to establish procedures for an owner of an owner-occupied single-family residence to apply for the credit through the Hardship / Affordability Assistance Credit Program consistent with the policies to be adopted by the Board.
 - f. The total income of all residents of the household and owners of the property must be at or below 100% of the current year Federal Poverty Level as determined each year by the U.S. Department of Health and Human Services. It is recommended that the eligibility requirements be determined by and based on Hillsborough County's Social Services Department (Social Services) criteria used to determine the annual income of the household residing at the service address which is consistent with the determination of the stormwater management program eligibility evaluation process.
 - g. If an applicant is denied a Hardship / Affordability Assistance Credit, it is recommended that the applicant follow the Customer Appeal for Grant Eligibility process established by Social Services.
- To receive a credit, it is the responsibility of the property owner to file a satisfactory application with the County that meets the established eligibility and applicability criteria as adopted by the County.
- The application of any credit approved by the County should not be applied retroactively and should only be applied to the disposal and/or collection assessment immediately billed by the County after the approved application.
- Since conditions can change (e.g., ownership of the property for which service is provided) and recognizing that the assessed rates for solid waste service reflect an annual rate, it is recommended that the term of the application of the Hardship / Affordability Assistance Credit will be for twelve months consistent with the current billing period for which the disposal and/or collection assessment. Consistent with the

recommendation of the initial application for a Hardship / Affordability Assistance Credit, the responsibility of any annual renewal of an application to receive the respective credit rests solely with the applicant.

- Requests for a Hardship / Affordability Assistance Credit to be applied towards the payment of the solid waste disposal and/or the collection assessment should have a specific process. The County should consider that each request be submitted by the applicant to the Director of the System, who shall have authority to approve the application of the Hardship / Affordability Assistance Credit and adjust the annual assessment for which the credit applies, to administer the procedures and standards, and to review criteria for the adjustment of assessments as established herein.
- There should be a process to the extent a credit was provided in error or due to the receipt of additional information the applicant was not considered as being eligible to receive the credit. If the County determines that an applicant that has received a Hardship / Affordability Assistance Credit should not have qualified for the receipt of the credit, the County should establish a policy to collect the total amount of the credit previously provided to the applicant for the current year that the credit was provided.
- Since it is recommended that the credit be funded through contributions from the County's General Fund and would not be considered as a different rate (or customer class) for solid waste service, the ability of the County to apply the Hardship / Affordability Assistance Credit to the applicant's disposal and/or collection assessment should be based on the availability of general funds which would be encumbered for the funding of the Hardship / Affordability Assistance Credits to be provided to an approved applicant; assuming the predetermined availability of funds, an approved credit application should not guarantee the application of a Hardship / Affordability Assistance Credit towards an applicant's bill for solid waste service.

Estimated Impact of Hardship / Affordability Assistance Credit Program

With respect to the implementation of any assistance program, it is critical to estimate the potential economic impact to the Solid Waste Management Program since approximately 65% of the Program revenues are currently derived solely from residential non-ad valorem assessments (i.e., residential rates). Based on the eligibility criteria as discussed above and an evaluation of the parcels receiving solid waste program services, the County has identified that there currently are 43,554 parcels that are i) billed a non-ad valorem assessment for disposal and collection service; ii) have an assessed value of \$100,000 or less (after application of the homestead exemption); and iii) have received a homestead exemption on their property.

As referenced in the Stormwater Management Program Hardship / Affordability Exemption report dated April 2, 2021 (the "Stormwater Affordability Report"), based on limited available income data the level of population below the Federal Poverty Level is estimated at approximately 14.6% for Hillsborough County as a whole. There is no data readily available to estimate the number of homeowners below the poverty level with a property value of less than \$100,000. Consistent with the assumptions recognized in the Stormwater Affordability Report and in order to evaluate the potential financial impact of the proposed hardship criteria, it was assumed that the poverty level for homeowners with housing values of less than \$100,000 occurs at a rate of 25% of the estimated poverty for the County as a whole or 3.65% ($14.6\% \times 25\%$).

Based on these estimates, as many as 1,590 properties ($43,554 \times 3.65\%$) may be eligible for a Hardship / Affordability Credit. Based on the recommended per ERU and the assumptions previously discussed of an annual hardship /

affordability credit to be applied to an applicant’s bill of \$60.00, the amount of funds to be appropriated from the County’s General Fund for the program could approximately as much as \$95,400 if all the assumed eligible properties / households choose to participate. As discussed in the Stormwater Affordability Report, based on the results being recognized by the City of Tampa (an active hardship program with similar eligibility criteria associated with its stormwater program), the participation rate will most likely be significantly less than 100% of qualified households to begin with but should be expected to rise as Solid Waste Program fees increase along with efforts to notify potential participants of the Hardship / Affordability Credit Program. The following tabulation compares estimated participation rates and program costs for a range of assumed participation rates.

Estimated Participation Rates and Program Costs		
Participation Rate	Estimated Number of Single-family Properties	Annual Program Credit Contributions
100%	1,590	\$95,400
80%	1,272	\$79,320
50%	795	\$47,700
30%	477	\$28,620

Based on the property evaluation prepared by the County, for each 1.0% increase in properties that meet the assessed value eligibility target (i.e., 43,554) that would assume to qualify for the Hardship / Affordability Credit Program, it is estimated that this would result in an additional credit liability to the County of approximately \$26,000 annually ($43,554 \times 1.0\% * \60.00).

Administrative / Staffing Requirements

Based on information presented in the Stormwater Affordability Report, the initial year of the program is not likely to a significant number of participants. However, assuming that all of the estimated properties (1,590) would require the processing of an application and assuming an estimate of 2 hours per applicant to complete the application process, request and record the credit calculations / funds transfers, and prepare the credit adjustments for the tax roll, this could entail up to 3,200 labor hours to complete all the applications. Additional staff may be necessary for the County to implement this program. It should be noted that many low-income households may not have the technology available to apply for the Hardship / Affordability Credit on-line so the County may need to provide office space to meet with applicants to review the required documentation. Based on the experience of similar programs it should be expected that in some instances several meetings with an applicant may be necessary to complete the application / verification process. The proposed annual recertification process may take less time, but the County should anticipate additional participants to join the program in each year.

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HILLSBOROUGH COUNTY

Solid Waste Management System Revenue Sufficiency and Rate Evaluation Report for Fiscal Year 2021

Final Report / July 14, 2021

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APPENDIX A

Qualified Independent Consultant – "Solid Waste Management System 2021 Solid Waste Rate Sufficiency Analysis"

REVENUE SUFFICIENCY AND RATE EVALUATION REPORT FOR FISCAL YEAR 2021

Purpose

The purpose of this report is to: i) review the sufficiency of the Hillsborough County (the "County") solid waste management system enterprise fund (the "Solid Waste System") revenues derived primarily from the rates for collection and disposal service to meet the Rate Covenant as defined in Section 11.04 of the Solid Waste and Resource Recovery Revenue Bond Ordinance No. 16-24, adopted on October 19, 2016 by the Board of County Commissioners, as amended and supplemented from time to time (the "Bond Ordinance"), which authorized the issuance of the Outstanding Bonds^[1]; and ii) recommend rates for collection and disposal service for the Fiscal Year ending September 30, 2022. Generally, this rate review has been conducted as part of the Solid Waste Division (the "Division") annual rate review process as required by the Bond Ordinance for the establishment of respective residential assessment rates for solid waste collection and disposal services, and for the establishment of disposal rates for commercial, municipal and other waste in support of management's ongoing and recurring fiscal review and budget process. The opinion of rate sufficiency and compliance of the rate covenant as delineated in the Bond Ordinance from the County's Qualified Independent Consultant addresses the current Fiscal Year 2021 and the upcoming Fiscal Year 2022 (collectively for both Fiscal Years, the "Review Period"). However, and in addition to the analysis for the Review Period, the County does evaluate the financial needs and rate sufficiency for a five- (5) year period for planning purposes (referred to as the "Forecast Period").

All undefined capitalized terms included in this report shall have the same meaning as ascribed in the Bond Ordinance.

Background

The Solid Waste System is accounted for as an enterprise fund of the County and receives no benefit from County taxes or other revenues of the County government; all expenditure requirements are funded from the Gross Revenues derived from Solid Waste System operations. The Solid Waste System must receive sufficient revenues for the services it renders from the rates, fees, and charges associated with providing solid waste collection and disposal services. The primary fiscal objectives for the Solid Waste System is to: i) fully fund the cost of operation and maintenance, existing debt service requirements, and provide sufficient funds on an ongoing basis for capital improvements; ii) develop and operate the facilities that meet all regulatory requirements for the long-term benefit of the County residents and commercial establishments; iii) maintain the financial integrity of the Solid Waste System to limit financial risk where possible; iv) comply with regulations promulgated by the Florida Department of Environmental Protection ("FDEP"); and v) comply with applicable covenants delineated in the Bond Ordinance. The last review of the rates and charges conducted by the Division for solid waste service was during the fiscal year ended September 30, 2020 in support of the rates currently being charged in Fiscal Year 2021. Based on the results of the rate review, the Hillsborough County Board of County Commissioners (the "Board") adopted Resolution No. R20-055 (the "Rate Resolution") on July 15, 2020, which placed into service: i) residential service collection and

[1] The Bonds currently outstanding as of the date of this report include the Solid Waste and Resource Recovery Revenue Bonds, Series 2016A ("AMT") (the "Series 2016A Bonds") and the Solid Waste and Resource Recovery Revenue Bonds, Series 2016B ("NON-AMT") (the "Series 2016B Bonds"), (collectively, the "Outstanding Bonds").

disposal rates, which became effective on January 1, 2021; and ii) non-residential, municipal, and special waste (e.g., yard and wood waste) disposal rates, which became effective on October 1, 2020.

Contracted Franchise Hauler Agreements

The County contracts for curbside residential waste collection with three (3) private waste haulers (the "Contract Haulers") in five (5) franchise service areas or districts. The Contract Haulers were selected through a public solicited competitively bid process for contractual residential curbside collection services. The original hauler agreements were approved for each respective franchise service area by the Board on January 24, 2013 (the "2013 Franchise Hauler Agreements"). The primary change in the 2013 Franchise Hauler Agreements included the automation of curbside collection service by the Contract Haulers and the requirement of the County to purchase all customer carts to enable automated collection. The County issued the Solid Waste and Resource Recovery Revenue Bond, Series 2013 ("AMT") (the "Series 2013 Bond") to finance the initial purchase of waste and recycling collection carts. The overall change to automated collection resulted in a reduction in collection costs incurred by the County resulting in lower rates benefiting residents over the term of the original 2013 Franchise Hauler Agreements.

More recently however the overall cost of collection service has increased due to a variety of factors including, but not limited to, high rates of growth experienced by the County since 2013, higher truck costs associated with import tariffs, increased vehicle maintenance, and higher labor costs from rising wages for skilled and licensed drivers. Consequently, the inflationary price index adjustment to the Contract Haulers charges for service, as allowed pursuant to the terms of the 2013 Franchise Hauler Agreements, has not kept pace with the actual rise in the Contract Hauler's cost of service. In response, the County negotiated amendments to the current 2013 Franchise Hauler Agreements with each Contract Hauler (the "2020 Amended Franchise Agreements") to provide for a sixteen- (16) month extension of service at higher collection rates for the Fiscal Year 2021 with an increase in the average rates paid to Contract Haulers of 54.5% above the average rates for service during the Fiscal Year 2020. The 2020 Amended Franchise Agreements, among other things, included the following amendments to the terms and conditions of the existing agreements:

1. The 2013 Franchise Hauler Agreements will be renewed for a term of sixteen (16) months which shall begin on October 1, 2020 and shall expire on January 31, 2022.
2. Each amended agreement included residential collection rates for service which represented an increase when compared to the current rates for service to reflect market conditions.
3. The payments for residential collection service shall be adjusted on October 1, 2021 based on the change in the U.S. City average Consumer Price Index for all Urban Consumers for "Garbage and Trash Collection."
4. On and after January 1, 2021, the County is responsible for purchasing, assembling, and distributing Roll Carts to all new and existing residential customers. The County also will be responsible for maintaining and replacing Roll Carts used by residential customers.
5. On and after January 1, 2021, the County is responsible for receiving, investigating, and coordinating the County's responses to complaints from residential customers. Each Contract Hauler will continue to be responsible for providing the necessary collection services, but the County will handle the administrative functions associated with complaints.

6. Throughout the renewal term of the amended agreement, the County will waive the annual payment of \$50,000 for education and outreach per Franchise District.
7. Throughout the renewal term, the County will waive the requirements concerning the maximum age of collection vehicles.

The level of service and frequency of curbside collection by waste type effectively remained unchanged when compared to the 2013 Franchise Hauler Agreements terms of service and are expected to remain unchanged during the term of the 2020 Franchise Amended Agreements.

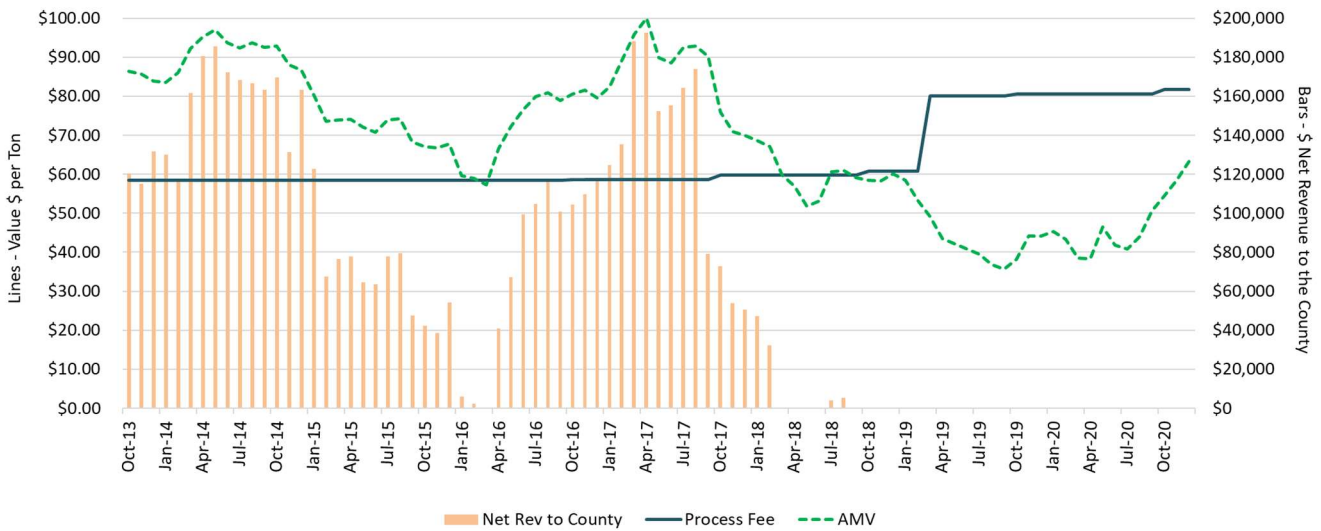
Recognizing the need to secure a collection service provider by the end of the current 2020 Amended Franchise Agreements, the County issued a Request for Proposal ("RFP") for all franchise collection areas with new franchise collection contracts for service beginning on and after February 1, 2022 (the "2021 Franchise Agreements"). The RFP reduced the number of franchise collection areas from five (5) to three (3) with the term of the agreement encompassing a total of eight (8) years. Pursuant to the RFP bid results, the proposed franchise rates at the outset of the 2021 Franchise Agreement represents an increase of approximately 46% relative to the 2020 Amended Franchise Agreement rates.

Curbside Recycling

Recycling operations are contractually provided by Waste Connections of Florida, one of the County's three franchise haulers. The contract expired on September 30, 2020, but has a three- (3) year renewal at the option of the County that was exercised. The contractor is responsible for receiving, processing and marketing recycled materials for sale that is delivered by the County's Contract Haulers. The contractor owns and operates a Materials Recovery Facility ("MRF") to process the single-stream recyclables. The cost of contracted operations has historically been financed by the sale of recovered materials and exceeded the contractors processing fees, however, due to changes in market conditions the value of recyclables has materially declined and continues to remain depressed. Figure 1 presents a summary of the recent changes in the average market value ("AMV") of recycled materials, processing fee and the net revenue to the County over the last seven years.

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Figure 1: History of Recycling AMV, Processing Fee, and Net Revenue to the County



As can be seen above, the AMV has fluctuated between \$35 and \$100 per ton, with the December 2020 AMV at \$63.29, which is below the contractor’s current processing fee of \$81.68 a ton. The County reimburses the contractor for the lesser of the difference between the processing fee and the AMV or \$29.89 (i.e., assumes AMV floor at \$51.79) which has resulted in increased costs to the County for the Review Period. The County is currently considering multiple options for future recycling processing including bidding or negotiating a new processing contract or the construction of a County-owned, privately operated MRF.

Leachate Disposal

Leachate is a by-product from the operation of the landfill and is produced primarily when rainfall enters the landfill and percolates through the deposited waste. The percolating liquid leaches or dissolves environmentally harmful substances such as heavy metals, herbicides, and pesticides. While leachate is captured by the system of liners and stormwater retention facilities, the County must properly treat and dispose of the by-product or risk that it may enter the surrounding environment. Leachate was historically disposed of at the County’s South Water Reclamation Facility; however, due to significant development and growth within South County, the facility no longer has adequate treatment capacity to continue receiving and processing leachate. As a result, the County plans to execute a multi-faceted approach such that all leachate deliveries to the County wastewater treatment plant can be eliminated. This approach includes i) the construction of an onsite evaporation disposal unit planned to be in service in Fiscal Year 2022 and which will dispose of approximately 20% to 40% of the total leachate produced annually; and ii) contracting out leachate disposal and transportation from the Southeast Landfill to non-County-owned disposal sites as a primary option or County-owned designated sites as a contingency option for all remaining leachate production. This necessary change in the overall leachate disposal process will result in a significant increase in the cost beginning in Fiscal Year 2021.

Yard Waste Processing

For all yard waste that is not disposed through the County’s biosolids composting operations, the County currently has contracted the processing and disposal of yard waste. Due to current market conditions the cost of yard waste processing, hauling, and disposal has increased. Additionally, since the amount of yard waste that can be processed

through the composting facility is limited based on capacity constraints, it is also anticipated for the development of the cost of service for the Review Period that the amount of yard waste processed on a contractual basis will also increase. For the Fiscal Year 2021, the forecast assumes that cost of yard waste processing will increase by approximately 65% due to the anticipated change in the cost of and amount of yard waste being processed which will affect the cost of disposal during and beyond the Review Period.

Resource Recovery Facility

As discussed later in this report, approximately 74% of the processible waste is disposed of at the County's resource recovery facility ("RRF"). The RRF is presently operating at full capacity primarily due to continued growth in the service area, which has increased processible waste. Additionally, the RRF has been experiencing more frequent maintenance outages due to the age of the facility. As a result, the County has been increasing processible waste diversions to the Southeast Landfill, which historically has only been disposing of non-processible waste primarily from ash residue generated by the RRF. In order to preserve capacity and extend the life of the landfill, the County is considering a rehabilitation and expansion of the existing RRF to meet the future solid waste disposal needs of the County. This plan is preliminary and subject to change with permitting and construction expected beyond the Review Period. It was assumed that the rehabilitation of the existing RRF would begin in Fiscal Year 2022 and expansion would be needed and be operational on or about the Fiscal Year 2026 representing the last year of the financial forecast and rate review of the System made by the Qualified Independent Consultant in order to identify and estimate the future rate impact of the financing of the facility improvements. If this is the future disposal alternative selected by the County, the revenues to be derived from the rates and fees for service will need to be in effect such that additional debt can be issued to finance the construction of a new or expanded RRF.

Rate Evaluation Approach

As mentioned earlier, the purpose of this report is to: i) evaluate the sufficiency of the existing rates to meet the revenue requirements (as defined hereinafter) and funding needs for the Solid Waste System; ii) recommend proposed rates to be implemented during the Fiscal Year 2022; and iii) to provide the basis for the adoption of the respective residential collection and disposal assessments for such fiscal year. The approach utilized in this evaluation for developing the rate and charges for solid waste services was as follows:

1. Estimate the number of residential units to be served and assessed for collection and disposal services by service type and residential customer class and project the amount of solid waste (tons) from all customer classes or sources to be disposed of at: i) the County's RRF; ii) the Southeast Landfill and compost facilities; iii) the yard / wood waste facilities; and iv) the curbside collection facilities and household hazardous waste facilities for the Fiscal Years 2021 and 2022 (previously defined as the "Review Period").
2. Determine the total expenditure and funding requirements to be funded from Solid Waste System Gross Revenues (referred to as the "revenue requirements") for the Review Period. Such revenue requirements are generally consistent with the ongoing Solid Waste System budget process that is currently underway for the upcoming Fiscal Year 2022.
3. Allocate the revenue requirements to the functional service categories (e.g., residential collection) and customer classes according to their requirement for service such that rates could be determined by type of solid waste collection or disposal service provided to the customer.

4. Based on the cost allocation process and forecast of service area requirements (residential units and tons delivered), validate the sufficiency of rates and charges to fund the estimated revenue requirements from each customer class based on the assumptions recognized for the development of the financial forecast.

Solid Waste Assessment and Tonnage Forecast

An important element in the establishment of the rates for Solid Waste System services is the forecast of the residential units receiving collection and disposal service and the total solid waste delivered to the County's respective disposal sites by class of customer. This is important since i) the residential unit forecast is a primary determinant in the contracted cost of operations of collection services by the Contract Haulers; ii) the forecast of solid waste deliveries is a primary determinant in the contracted costs of the RRF, contracted costs of the Southeast Landfill, contracted costs of the yard and wood waste operations, the estimated landfill closure and long-term care requirements per FDEP regulations of the Southeast Landfill, and for the estimate of the cost of processing recyclables and corresponding revenues; and iii) the forecast provides the basis for the determination of the unit rate for non-residential service once the projected revenue requirements have been determined and allocated to the respective solid waste customer classes or service types.

A summary of the forecast of the customer and disposal statistics for the Review Period is shown on Table 1 of the Qualified Independent Consultants letter included in Appendix A to this report (the "QIC Letter"). The forecast was based on recent trends and assumes:

1. An average annual growth rate in total residential assessed units above reported Fiscal Year 2020 actual results of approximately 1.8% for the Review Period (approximately 5,000 residential units) based on the continuation of a strong level of housing starts based on recent trends and development projections. However, it is projected that residential waste generation will decline compared to reported Fiscal Year 2020 actual results based the estimated effects of COVID-19 and subsequent recovery (i.e., lessened restrictions, reopening, etc.) and the removal of disposal-only assessment customers, who will be charged as commercial customers beginning in Fiscal Year 2022.
2. An average annual increase in commercial^[2] class processible waste generation of approximately 5.4% when compared to the Fiscal Year 2020 actual deliveries (approximately 16,500 tons per each year) for the Review Period due to the anticipated rebound to normal generation levels by the Fiscal Year 2022, as well as increased waste associated with the previously discussed disposal-only assessment customers being charged as commercial customers beginning in Fiscal Year 2022.
3. An annual decrease in municipal waste of approximately 6% for the Review Period due to assumed reductions in waste deliveries from the City of Tampa since the City is not obligated to bring waste to the County and is excluded for planning purposes in this evaluation.

The net estimated forecast of solid waste delivered to the County's disposal sites are shown on Table 1 of the QIC Letter included in Appendix A to this report. Overall, the estimated waste deliveries (including curbside recycling) are assumed to be greater during the Review Period through the Fiscal Year 2022 when compared to Fiscal Year 2020.

[2] The commercial class includes residential multi-family units (i.e., attached residential living units).

Revenue Requirements

The various components of costs associated with the operations, maintenance, financing of the Solid Waste System renewals, replacements, and capital improvements, and the funding of adequate reserves and maintenance of the fiscal position are referred to as the "revenue requirements" of the Solid Waste System. The revenue requirements, net of other operating revenues and income assumed to be earned, represent the funding requirements to be recovered from rates for purposes of full cost recovery. The determination of revenue requirements is consistent with the methods employed for other publicly owned enterprise funds. The method of determining revenue requirements focuses primarily on the Solid Waste System's cash expenditure needs, including allowances for proper levels of renewals and replacements and the funding on capital improvements, maintenance of cash reserves, and compliance with the Rate Covenant delineated in the Bond Ordinance. With respect to this study, the determination of the Solid Waste System rates has been developed using this method of rate making, which is known as the cash-needs approach and is consistent with the County's budget process and the covenants presented in the Bond Ordinance. Under this approach, the development of rates for the Solid Waste System (for the respective disposal and collection components of service) includes the summation of the following revenue requirements or expenditure components:

- + Cost of Operation and Maintenance
 - + Debt Service Requirement (Payments)
 - + Deposits to Renewal and Replacement Fund
 - + Deposits to Long-term Closure and Long-term Care Fund (Regulatory Requirement)
 - + Deposits to the Capital Improvement Fund
 - + Deposits to the Collection Cart Maintenance Fund (Considered as a Sub-account of the Rate Stabilization Fund Associated with Future Replacement of Collection Carts)
 - + Deposits to the Rate Stabilization Fund
 - + Other Capital Funding from Operations on a Pay-as-you-go Basis
 - + Funding of Working Capital / Reserves / Other Financial Requirements and Deposits

 - Other Operating Revenues (Not Monthly Rates, Includes Sales of Electricity)
 - Use of Funds Transferred from the Rate Stabilization Fund
 - Investment Income Considered Available to Fund Solid Waste System Operations
-
- = Revenue Requirements to be Recovered from Disposal and Collection Rates

When rates are fully recovering costs properly, the total charges or rates imposed by a solid waste enterprise to its customers should approximate the sum of the expenditures and other revenue components described above (i.e., the "revenue requirements"). The following provides a summary of the primary assumptions recognized in the development of the revenue requirements:

1. The Cost of Operation and Maintenance for the current Fiscal Year 2021 was predicated on the adopted Fiscal Year 2021 Budget and adjusted for known or anticipated changes based on year-to-date results available at the time of the forecast preparation. The projection of the Cost of Operation and Maintenance for the Fiscal Year 2022 was based on: i) estimates and forecasts prepared by staff and consultants in support of the Fiscal Year 2022 budget process; ii) the assessed residential collection and disposal units and solid waste disposal (tons) forecast; iii) allowances for inflation; iv) the reported Fiscal Year-to-date 2021 actual results; v) the terms of the various contract service agreements for Solid Waste System operations

(e.g., collection, landfill, and RRF operations, etc.); and vi) other factors developed during the Fiscal Year 2022 budget process.

2. Currently, the majority or approximately 74% of the total Cost of Operation and Maintenance for the Fiscal Year 2021 is related to contractual services including, but not limited to: i) residential collection by the respective Contract Haulers pursuant to the 2020 Amended Franchise Hauler Agreements; ii) the operations of the RRF by Covanta Hillsborough, Inc.; iii) the operation of the Southeast Landfill by Waste Management, Inc. of Florida; iv) the cost of yard and wood waste disposal; v) the cost of additional services for compost; vi) the cost of recyclables processing and disposal as provided by Waste Connections (collectively, the "Contracted Services"); and vii) the cost for ongoing disposal and transportation of leachate and effluent from the Southeast Landfill to non-County-owned disposal sites (primary) or County-owned designated (contingency) sites. The cost of contracted services is primarily based on, among other things, a rate applied to the respective billing determinates associated with the contracted service being provided (e.g., residential collection units, tons disposed at landfill, etc.). Pursuant to the respective contract services agreement, the rate charged by the contractor often includes an automatic price index to minimize risk to the contractor when entering into multi-year agreement and to allow for a pass-through of the effects of general inflation on the cost of providing service. The forecast of the respective Contracted Services expenses for the Review Period were predicated on: i) the current per-unit rates for the specific contractual service being billed by the respective contractor pursuant to the contract agreements; ii) application of the rate index based on the formula contained in each respective Contracted Services agreement and the actual and estimated cost index factors as published by Bureau of Labor Statistics, Energy Information Administration, and others as specifically referenced in such agreements for the Fiscal Years 2021 and 2022; and iii) the amount of tons delivered or handled of the specific wastes subject to the contract agreement or residential units projected for the Review Period. The following is a summary of description of each specific Contracted Services expense:

- a. The contracted cost of operating the RRF has been calculated based on the projected processable waste flow processed (burned) at the facility at the calculated rate per ton as determined by applying the formula contained in the agreement (estimated index applied to the current rate billed for the contractual service).
- b. The contracted cost of operating the Southeast Landfill has been calculated based on the projected non-processable waste flow delivered to the facility and projected diversion of processable waste from the RRF (e.g., due to programmed maintenance at the facility and seasonality in waste generation and delivery) at the calculated rate per ton as determined by applying the formula contained in the agreement (estimated index applied to the current rate billed for the contractual service).
- c. The contracted cost of operating the yard and wood waste processing facilities has been calculated based on the projected yard and wood waste flow, less any yard and wood waste estimated to be diverted to the compost facility or to the County RRF to meet the contractual "put" requirement (minimum contract tonnage) for waste disposal at the RRF during the Review Period or the Southeast Landfill (none assumed to be diverted to the disposal facilities during the Review Period), at the current rate per ton.
- d. The contracted cost of residential curbside collection has been calculated based on the projected number of residential dwelling units (by type of service classification), which are anticipated to

receive curbside collection service during the Review Period at the respective contracted rate for each of the respective franchise areas as currently being billed for the Fiscal Year 2021 and as delineated in the staff recommended 2021 Franchise Agreements for the Fiscal Year 2022.

- e. The contracted cost of recycling disposal was calculated based on the projected amount of recyclables (measured in tons) to be processed and an assumed processing fee per ton escalated for inflationary allowances during the Review Period. The cost of contracted processing of curbside recycling is assumed to be paid from the sale of the recovered materials. Any excess revenues generated by agreement are shared with the Solid Waste System. However, for purposes of financial planning and due to the continued volatility in the recycling market and the rates paid for recovered materials as discussed earlier in this report, which continue to directly affect revenue collections, no revenue from the sale of curbside recyclables is assumed for the Review Period. In addition, the County is currently negotiating for the continuation of the terms and conditions of the existing recycling contract for the Renewal Period and the effects of the continued contract based on the nature of the current recycling market (i.e., recycling has become a net expense) have been reflected during the Review Period.
- f. The contracted cost for tire processing and disposal was based on the projected amount of tires to be processed and an assumed processing fee per ton.

The following is a summary of the projection in the cost of Contracted Services for the Fiscal Year 2020 (current year-in-progress) and the Fiscal Year 2021 (the projected year that rates are being developed).

Summary of Projected Contract Service Expenses for the Review Period			
	2021 Estimated	2022 Projected	Change
Collection Services [1]	\$46,910,695	\$62,676,297	\$15,765,602
Yard Waste Processing	3,060,755	2,762,720	(298,035)
Waste-to-energy Facility [2]	25,799,769	26,915,445	1,115,676
Southeast Landfill	5,612,897	5,163,111	(449,786)
Composting	1,185,007	1,480,366	295,359
Other Contractual Services [3]	11,072,165	9,940,210	(1,131,955)
Total Contract Svc Expenses [4]	<u>\$93,641,288</u>	<u>\$108,938,148</u>	<u>\$15,296,860</u>

- [1] Increase shown in Fiscal Year 2022 is due to the increase in Contract Hauler fees associated with the terms of the 2021 Franchise Agreements (an approximate 46% increase in the cost of collection).
- [2] Amounts shown include the contractual cost of operation, electric revenue sharing expenses, budgeted pass-through costs, and other electric generation-related expenses (e.g., TECO local facilities and power supply reservation charge).
- [3] Amounts shown include other contractual services, including leachate transportation and disposal, customer billing services provided by the County's Property Appraiser's Office, and other related charges.
- [4] It should be noted that amounts shown exclude the contracted cost of recycling, which is netted from shared recycling revenues.

As can be seen in the prior table, the contract service expenses are anticipated to increase for the Fiscal Year 2022 when compared to the current Fiscal Year 2021. The primary reason for the increase in contract service expenses is due to the increase in Contract Hauler fees associated with the terms of the 2021 Franchise Agreements (an approximate 46% increase in the cost of collection, but is reduced in the current Fiscal Year due to the rates being adjusted after the start of Fiscal Year 2022). For the other primary contracted service expenses, the primary reasons for the change in expenses is due to i) the application of the contractual

inflation index to the contractual rates charged by the County’s contract service providers as provided by the respective service agreements; ii) the estimated change in certain contract service costs for disposal due to the anticipated changes in total waste tonnages delivered to the specific facilities due to service area growth and facility capacity; and iii) System area growth that would affect costs (e.g., customer billing costs, mailing of residential assessment notices, etc.).

3. The Outstanding Bonds were issued to finance capital improvements to the Solid Waste System (primarily the RRF) and the acquisition / purchase of carts for the automation of residential curbside collection. Repayment of the Outstanding Bonds is pledged solely from the Net Revenues of the Solid Waste System. Neither the credit nor taxing power of the County are pledged for debt repayment pursuant to the Bond Ordinance. In Fiscal Year 2020, the County paid off the Series 2013 Bond associated with the purchase of carts for curbside collection. A summary of the principal amount of the "Outstanding Bonds" estimated as of September 30, 2020, prior to any change due to the financial plan contained in this report, is shown below:

Summary of Principal Amount of Outstanding Bonds	
Outstanding Bonds	Outstanding as of September 30, 2020
Solid Waste and Resource Recovery Refunding Revenue Bonds, 2016A ("AMT") ("Series 2016A Bonds")	\$70,820,000
Solid Waste and Resource Recovery Refunding Revenue Bonds, 2016B ("NON-AMT") ("Series 2016B Bonds")	<u>25,220,000</u>
Total Outstanding Bonds (Before Finance Plan Adjustments)	<u>\$96,040,000</u>

The annual Bond Service Requirement for the Outstanding Bonds was based on the actual debt service schedules for each series of bonds and are presented on a "gross" basis (i.e., not net of interest earnings on any debt service-related funds or accounts that are shown separately for Rate Covenant compliance purposes). Furthermore, the amounts shown are based on the monthly funding requirements made from Solid Waste System revenues (on an accrual basis) to the Debt Service Fund (Principal Account and Interest Account) as required by the Bond Ordinance that authorized the issuance of the Outstanding Bonds as opposed to when the annual debt service requirements are actually paid.

4. During the Review Period, additional parity bonds were assumed to be issued to fund disposal-related capital improvements to the Solid Waste System. The following is a summary of the additional parity bonds anticipated to be issued based on information provided by the County’s Municipal Financial Advisor:
 - a. The forecast assumes the issuance of the Solid Waste and Resource Recovery Revenue Bonds, Series 2022 in the principal amount of \$22,000,000 to take out the County's current line of credit that was issued to provide financing for the: i) Northwest Transfer Station Facility improvements; and ii) Southeast County Landfill Leachate Management Improvements (evaporator). The assumptions with respect to the issuance of the Series 2022 Bonds include: i) par amount of bonds estimated to be \$22,000,000; ii) an assumed average coupon rate of 4.268% with an All-in True Interest Cost ("TIC") of 3.547685%; iii) a term of approximately twenty (20) years with approximately the first two (2) years of interest expense being funded from bond proceeds (through September 1, 2022); iv) after the capitalized interest period, interest only payments through September 1, 2034, and essentially level annual Bond Service Requirement structure thereafter of

approximately \$3,778,200 per year; v) the funding of a debt service Reserve Fund equal to the debt service Reserve Account Requirement for the Series 2022 Bonds from bond proceeds; and vi) the payment of issuance expenses associated with the Series 2022 Bonds.

In addition to the issuance of the Series 2022 Bonds and to finance the projects as mentioned above, the County is planning to sell approximately 300 acres of property to the County's Public Utilities Department (utilities) in the estimated principal amount of \$3,000,000. The estimated value of the property was based on estimates developed by the County's Geospatial & Land Acquisition Services Department as the fair market value for the land.

- b. It should be noted that the forecast does recognize the issuance of the Solid Waste and Resource Recovery Revenue Bonds, Series 2025 in the principal amount of \$426,845,000 to provide financing for the construction of an expansion / new RRF to increase the solid waste disposal capacity. This project is considered preliminary at this time and is subject to change. The project was recognized to recognize to begin to strategically recognize the need for future disposal capacity. The assumptions with respect to the issuance of the Series 2025 Bonds include: i) par amount of bonds estimated to be \$426,845,000; ii) an assumed average coupon rate of 4.0%; iii) a term of approximately twenty-five (25) years with approximately the first twelve (12) months of interest expense being funded from bond proceeds; iv) an annual Bond Service Requirement of approximately \$27.7 million per year; v) the funding of a debt service Reserve Fund equal to the debt service Reserve Account Requirement for the Series 2025 Bonds from bond proceeds; and vi) the payment of issuance expenses associated with the Series 2025 Bonds. Based on the financing plan the deposit to the Construction Fund from the proceeds of the Series 2025 Bonds is assumed to be approximately \$390,000,000.
5. With respect to the issuance of the outstanding Series 2016 Bonds and the additional parity bonds discussed above, the County has cash funded or anticipates cash funding the Debt Service Reserve Fund from bond proceeds in an amount equal to the Reserve Requirement for each series of bonds as determined by the County's Municipal Financial Advisor (the "Reserve Deposit"). For the Review Period, the Reserve Deposit was assumed to remain fully funded in the amount equal to the Reserve Requirement and no additional deposits to the fund were assumed.
6. The Solid Waste Division must adhere to various federal and state regulations as it relates to the eventual closure of the County's active landfill. Pursuant to Florida Administrative Code 62-701.630, the County must demonstrate "financial assurance" to fund the future expenditures of closure and post-closure requirements. The County may demonstrate financial assurance through the accumulation financial resources equal to the estimated liability or demonstrate the ability to fund the requirement with other cash reserves or credit worthiness of the Solid Waste System (e.g., ability to issue debt). The County is required to fund closure expenses when an active cell is closed and final closure when all contiguous permitted landfill cells are closed. Post-closure responsibilities, including site maintenance and monitoring, begin after closure of all active cells and are required for a period of thirty (30) years. As required by the Governmental Accounting Standards Board ("GASB") No. 18, the costs are reflected as an operating expense for financial reporting purposes but are considered a subordinate lien to the annual Bond Service Requirement pursuant to the Bond Ordinance. The estimate of the closure and post-closure liability was based on: i) the estimated cost to close the Southeast Landfill and the annual cost of long-term care as provided by the FDEP; ii) the estimated total available and remaining landfill (disposal) capacity as estimated by the County; iii) estimated inflation rates for projecting the future cost of such expenditures based on recent factors used

by the FDEP; iv) current balances in the closure accounts as reported by the Clerk's Office and changes in such balances to account for certain capital expenditures that are currently anticipated to be funded from such account; and v) the projection of solid waste disposed at the landfill for the Review Period.

In addition to the change in the closure estimate, the County recognizes a reduction in the overall closure liability equal to the amount of a performance bond (Bond No. PB02-0027-TX) secured by Waste Management of Florida, Inc. ("WMI") associated with the operation of the Southeast Landfill (the "Performance Bond") under the premise that WMI is responsible for a component or portion of the landfill closure requirements as a condition of the contract for service. Including the recognition of inflation on the net estimated closure cost and the adjusted Performance Bond, the total closure liability for Fiscal Year 2021 was estimated to be \$41,710,000 million which is projected to be fully funded.

7. The Bond Ordinance requires that the Solid Waste System establish a Renewal and Replacement Fund ("R&R Fund") for the purpose of paying the cost of the addition or replacement of capital assets of the Solid Waste System, including land, or any unusual or extraordinary maintenance or repairs as certified by the County as being necessary for the Solid Waste System. Pursuant to the Bond Ordinance, the County must make minimum monthly deposits at least equal to one-twelfth (1/12) of five percent (5%) of the Cost of Operation and Maintenance incurred and spent in the preceding Fiscal Year until such time as the amount on deposit is equal to the then applicable Renewal and Replacement Fund Requirement (the "R&R Fund Requirement") as determined by the Qualified Independent Consultant or the Solid Waste System Director. Pursuant to a report from the County's Consulting Engineers (serving as the Qualified Independent Consultant for the determination of the R&R Fund Requirement) dated September 2020, the current R&R Fund Requirement established for the Solid Waste System for the Fiscal Year 2021 is \$12,805,000. For the Review Period, it was assumed that the County would be required to make the minimum 5% transfer of approximately \$5.5 million per year to reach and maintain a balance on deposit in the R&R Fund equal to the R&R Fund Requirement.
8. The County has entered into an Electric Power Purchase and Sale Agreement (the "Electric Agreement") with Seminole Electric Cooperative, Inc. ("SEC") for the purchase of net energy produced by the RRF. The agreement also provides that the County can utilize a certain amount of energy for their adjacent water and wastewater plant facilities and the Brandon Support Service Center, which provides a power savings to the County's water and wastewater system and revenue to the Solid Waste System. Any excess energy produced by the RRF above what is sold to SEC and the County by the Solid Waste System is ultimately purchased by Tampa Electric Company, Inc. The forecast of the electric sales was based on: i) the projected amount of waste burned at the RRF predicated on the solid waste forecast; ii) trends in the average amount of energy produced per ton of waste delivered to the RRF (provides a link to the amount of waste consumed or burned); iii) the projected rates for energy sales based on the terms and conditions as contained in the Electric Agreement or as contractually agreed between the Division and the Public Utilities Department as determined by County management; and iv) a review of prior invoices to validate the electric sales calculations. The following table provides the projected rates charged to the various purchasers of electric energy expressed on a rate per kWh:

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Electric Sales Rates per kWh		
	Fiscal Year 2021	Fiscal Year 2022
Hillsborough County Public Utilities Department	\$0.0800	\$0.0800
Seminole Electric Cooperative, Inc. [*]	\$0.0579	\$0.0568
Tampa Electric Company, Inc.	\$0.0210	\$0.0210

[*] Pursuant to the Electric Agreement, the rate charged to Seminole Electric Cooperative, Inc. during the Review Period is based on the rate of change in the average system fuel cost of Seminole Electric Cooperative, Inc., which is determined monthly and based on the rolling twelve- (12) month average of such costs. For the Review Period and based on recent and actual average fuel cost trends and estimates provided by Seminole Electric Cooperative, Inc. regarding future or anticipated average fuel cost trends, it has been assumed that the average rate charged by the County to SEC will decrease during such period.

For the Review Period, the gross electric sales were estimated to be \$16,132,134 during Fiscal Year 2021 and \$16,451,479 in Fiscal Year 2022. The increase in electric energy sales revenue is directly related to the estimated increase in RRF availability (waste that can be delivered and burned to produce energy) as the RRF has been operating at reduced capacity due to outages and maintenance. No major maintenance is anticipated for Fiscal Year 2022, which will increase electric generation output from the RRF.

9. Included in the financial projections are other operating revenues associated with recycling revenue sharing (if any), the sale of scrap, sale of ferrous and non-ferrous metals derived from the RRF process, rents for the use of the landfill site for training by the County's law enforcement agency, and other miscellaneous revenue. The financial projections of other operating revenue were based on: i) the actual Fiscal Year 2020 reported revenue and a comparison of trends in prior periods; and ii) the Fiscal Year 2021 Budget estimates and year-to-date amounts earned. Based on current trends, the projection of the other operating revenues was assumed to be generally constant during the Review Period; this also recognizes no recycling revenue associated with collection of recycled materials from the residential curbside collection program was assumed during the Review Period due to the current depressed market conditions for these materials, which was expected to continue during the Review Period.

The projected other operating revenue is estimated to approximate an average of \$0.74 million during Fiscal Years 2021 and 2022. The other operating revenue is associated with: i) revenues received from the sale of ferrous and non-ferrous revenues assumed to account for approximately \$0.23 million; ii) the recognition of the payments received from the respective Franchise Haulers for public awareness programs at approximately \$0.23 million only; and iii) approximately \$0.28 million in rents and royalties associated with agricultural use of outlying property located at the Southeast Landfill.

10. In an effort to address disposal of the County's wastewater treatment plant biosolids (i.e., sludge) the Division has entered into an arrangement with the Public Utilities Department ("PUD") regarding composting operations. The Division is responsible for the cost and operation of County composting facilities, and the PUD was responsible for the cost of capital associated with the cost of construction and will be responsible for the recurring renewal and replacement expenditures of the composting facilities and equipment. It is expected that any revenue derived from the sale of compost would accrue to the benefit of the PUD. As a result, no composting revenues have been assumed for the Review Period.
11. The capital improvement plan ("CIP") for the Solid Waste System was based on: i) the current status of projects under construction or appropriated (funded) in prior periods by the Board, which will be initiated or completed during the Review Period; and ii) the County's most recent five- (5) year CIP for additional

projects identified (appropriated) for the Review Period. The CIP is fully funded and it is anticipated that additional parity bonds will be required to fund the CIP during the Review Period (reference is made to item no. 5 above for a description of the additional bonds assumed to be issued during the Review Period). The remainder of the capital needs are proposed to be funded from ongoing operations. Inasmuch as asset replacements (those that are the responsibility of the County and not a cost component of the contractual services) can be expected to occur with some regularity each year and should annually be funded from a financial prudence standpoint, to the extent the costs of such replacements are eligible for funding from the Capital Improvement Fund or the Renewal and Replacement Fund, it is sound practice to finance such costs from current reserves when funds are available and this has been recognized in the financial plan for the Review Period. This capital funding policy avoids accumulation of increased debt financing charges for costs of an annually recurring nature. It should be noted that the County is currently engaged in the master planning process to determine long-term capital needs for the Solid Waste System. Any potential additional projects resulting from the master planning process have not been considered for the Review Period but may affect rates and the need for additional debt if implemented during the Forecast Period; the County will closely monitor the capital plan to balance the expenditure requirements with the rates for service.

12. Included in the revenue requirements is a cart replacement reserve transfer, which serves the purpose to accumulating funds for future cart replacement in order to offset future debt issuance, which would be necessary to finance new collection carts for the Solid Waste System. In Fiscal Year 2021 the deposit to the cart replacement reserve is expected to be discontinued in order to reduce cash flow requirements to assist in phasing collection assessment increases as a result from expected increases in the cost of collection from the Contract Haulers. Subsequent to the Review Period, it is anticipated that the deposits to the cart replacement reserve can be reinstated, which will be necessary as the carts will begin to reach their expected useful life beginning after the Forecast Period.

As previously mentioned, the cart replacement reserve is a component of the Rate Stabilization Fund; no formal reserve has been established. Due to anticipated increases in collection costs anticipated to be incurred during the Review Period, the funds on deposit in the cart replacement reserve may need to be repurposed towards the funding of the expenditure needs of the collection system in order to phase in collection rates to reflect then current market conditions.

To provide internal funds to finance capital improvements, the primary use of rate stabilization funds (not including the cart reserve replacement funds on deposit in such fund) during the Review Period, and fund the revenue requirements of the Solid Waste System for the Review Period, the following transfers and use of Rate Stabilization Fund reserves were assumed:

Rate Stabilization Fund [1]			
Fiscal Year	Total Available Funds	Available Funds for Coverage	Transfers from Rate Stabilization
2021	\$97,513,809	\$28,271,574	\$20,813,297
2022	52,584,577	16,524,899	24,586,129

[1] Amounts shown include the estimated cart replacement reserve balances since they, to the extent required, can be used to fund other collection-related expenditures during the Review Period or in subsequent years.

13. Interest income earned on available fund balances accounted for in the Solid Waste System was estimated assuming an average interest rate of 1.5% based recent earnings performance and the anticipated use of funds during the Review Period applied to the estimated average fund (cash) balances.

Design of Rates

Rate design involves the calculation of monthly rates and charges for each customer classification (e.g., residential, commercial, etc.). The goal is to establish a pricing structure or formula to recover the total revenue requirements of the Solid Waste System in an equitable and reasonable manner, consistent with the cost of providing service, regulatory guidelines, overall revenue stability, historical rate forms and recovery levels, and the County's fiscal and pricing policies. The proposed solid waste rates, to the extent practical, should meet the following criteria for service provided by publicly owned utilities:

- Provide revenue to fully recover the cost of providing collection and disposal service.
- Solid waste rate and cost recovery strategies should recognize the System's current financial needs, when rates were last adjusted, and where possible help develop approaches to avoid "rate shock" in the future.
- Provide funding to comply with the rate covenants and other financial provisions delineated in the Bond Ordinance.

The principal consideration in establishing rate schedules is to develop customer charges that provide funds to pay the costs of providing services. Theoretically, the only method of assessing entirely equitable charges for service would be the determination of each customer's bill based on their particular requirements for service. Since this method is impractical when dealing with thousands of customers, rates have been designed to recognize average conditions for customer classes having similar service requirements or attributes.

To design the rates for service, the revenue requirements were allocated based on a three- (3) part process, which is summarized below:

1. The revenue requirements were allocated between the disposal and collection functions to be consistent with cost recovery requirements from rates (as required by the residential assessment process and the Bond Ordinance).
2. The allocated disposal-related expenditures as classified by major cost category or function were then allocated to the specific customer class predicated primarily on solid waste contribution to the facilities (processable or non-processable tons) based on the purpose of the expenditure requirement.
3. The total classified expenses by customer service category were determined and a unit rate was developed predicated on the nature of the cost allocation and the projected service requirements of such customer category (e.g., per unit rate for each customer class based on the class responsibility for the cost was developed); a rate revenue reconciliation test for each type of customer service was performed to validate that the proposed rates applied to the billing units would produce the identified revenue requirement recovery amount.

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The following is summary of the basis for billing the rates for solid waste service that was recognized in this rate evaluation.

1. Annually Assessed Residential Property for Disposal Services –
 - a. Single-family, per Dwelling Unit
 - b. Senior Citizens, per Dwelling Unit, at 71.25% of Single-family
 - c. Condominiums, per Dwelling Unit, at 64.43% of Single-family
 - d. Condominiums / Senior Citizen, per Dwelling Unit at 44.93% of Single-family
2. Annually Assessed Residential Property for Collection Services –
 - a. Single-family, per Dwelling Unit
3. Annually Assessed Residential Property for Disposal Services (Exempt from Collection that Use Community Collection Centers) –
 - a. per Dwelling Unit, at 100% of Single-family
4. Municipalities –
 - a. Processable Waste, per Delivered Ton to RRF
 - b. Non-processable Waste, per Delivered Ton to Southeast Landfill
5. Other Non-residential (Commercial, Non-municipal) –
 - a. Processable Waste, per Delivered Ton to RRF or Transfer Station
 - b. Non-processable Waste, per Delivered Ton to Southeast Landfill
6. Tire Customers –
 - a. Tires, per Delivered Ton to Southeast Landfill
7. Yard / Wood Waste Customers –
 - a. Yard / Wood Waste, per Delivered Ton to Facility Co-located with RRF or Transfer Station
8. Mixed Load Rate Surcharge at 200% (Two Times) the Normal Rate –
 - a. Processable –
 - i. Municipal per Delivered Ton to RRF
 - ii. Non-residential (Commercial, Non-municipal) per Delivered Ton to RRF
 - b. Non-processable –
 - i. Municipal per Delivered Ton to Southeast Landfill
 - ii. Non-residential (Commercial, Non-municipal) per Delivered Ton to Southeast Landfill
9. Biosolids for Composting –
 - a. Biosolids from municipalities, approved quantities accepted are limited by operational and permitted capacity per ton Delivered to compost facility located at Southeast Landfill

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10. Emergency Event Rate –
 - a. Declared By Board of County Commissioners on an emergency basis for a specified period of time. Under no circumstance will the Emergency Event Rates be less than the cost of contracted operation for incineration, landfilling, or yard / wood waste processing –
 - i. Incineration, per Delivered Ton to RRF or Transfer Station
 - ii. Landfill, per Delivered Ton to Southeast Landfill
 - iii. Yard / Wood Waste Processing, per Delivered Ton to Facility Co-located with RRF or Transfer Station

Independent Qualified Consultant Findings – Sufficiency of Rates

The ability of the rates to meet the Solid Waste System revenue requirements and the Rate Covenant defined in the Bond Ordinance were evaluated by Raftelis Financial Consultants, Inc. ("Raftelis"), the County's Qualified Independent Consultant (the "QIC Consultant") for this financial review.

It is the conclusion of Raftelis that the recommended rates for the Review Period as identified in this report will be sufficient to meet the Rate Covenant requirements as defined in the Bond Ordinance based on the assumptions delineated above associated with the development of the financial forecast, the change in the debt repayment structure for the Outstanding Bonds, and use of available reserves on deposit for the Solid Waste System. Specifically, the findings of Raftelis included in the following:

1. The existing Fiscal Year 2021 rates for solid waste collection and disposal service will produce sufficient revenues that are anticipated to fully fund the net revenue requirements of the Solid Waste System and meet the Rate Covenant provisions of the Bond Ordinance based on the assumptions as discussed above, which Raftelis considers as being reasonable. The Rate Covenant provisions include the payment of the Cost of Operations and Maintenance, sustaining adequate debt service coverage ratios and the making of required deposits to funds established by the Bond Ordinance (e.g., Renewal and Replacement Fund). A summary of the ability of the revenues to meet the Rate Covenant for the Fiscal Year 2021 is presented in the attached *2021 Solid Waste Management System Rate Sufficiency Analysis* letter (previously defined as the "QIC Letter") prepared by Raftelis as the County's QIC Consultant, which is appended to and made a part of this report.
2. The proposed Fiscal Year 2022 rates for solid waste collection and disposal service will produce sufficient revenues that are anticipated to fully fund the net revenue requirements of the Solid Waste System and meet the Rate Covenant provisions of the Bond Ordinance based on the assumptions as discussed above and which includes the need to restructure the Outstanding Bonds and introduce new revenue sources, which Raftelis considers as being reasonable adjustments in support of the financial plan for the fiscal year. A summary of the ability of the revenues to meet the Rate Covenant for the Fiscal Year 2022 is presented in the attached QIC Letter prepared by Raftelis as the County's QIC Consultant, which is appended to and made a part of this report.
3. The findings of Raftelis also address the ability of the rates to meet the revenue requirements and Rate Covenant delineated in the Bond Ordinance subsequent to the Review Period (i.e., through Fiscal Year 2026). The findings of Raftelis recognized: i) the annual Bond Service Requirement for the Outstanding Bonds is programmed to remain relatively constant based on the capital plan identified by the County and annual debt service payments at approximately \$12.6 million for the Forecast Period (it should be noted

that this amount declines during a portion of the Forecast Period to allow for the phasing of additional rate adjustments and is anticipated to increase after Fiscal Year 2026 due to the assumed financing of an expansion / new RRF); ii) the Contracted Services costs currently account for approximately 74% of the total Cost of Operations and Maintenance and that the costs are scheduled to increase to reflect market conditions (collection services) and will be additionally indexed for inflation as provided in the respective Contracted Services agreements; iii) the deliveries of waste to the RRF and Southeast Landfill are anticipated to decline during the Review Period due to the effects of the COVID-19 pandemic and then are projected to rise above historical levels due resulting from increased projected population (residential unit) growth; iv) electric revenues from the RRF being relatively constant during the Forecast Period, based on the recognition of the contractual guaranteed fee equal to not less than \$64 a MWh beginning March 1, 2020 (represents an increase in energy rate when compared to the rate prior to March 1, 2020) and adjusted monthly thereafter based on the average fuel cost of SEC which are assumed to decline over time, all which form the basis for the sale of electricity to SEC, until Fiscal Year 2025 when the current agreement expires. At that time, it is assumed that the County will sell electricity from the RRF at the market rate and revenue is projected to decrease by approximately \$9 million; and v) the continuation of the depressed market value of recyclables, which have resulted in significant decline in recent years for the sale of recyclables.

Based on the projected needs of the System as discussed above, the projected customers to be provided service, the waste deliveries assumed to be made to the System disposal facilities, and to phase in residential disposal and collection-related assessments and tipping fees over a multi-year period to minimize rate impacts to the customers of the System, the following rate recommendations have been identified for the Fiscal Year 2022:

Fiscal Year 2022 Rate Recommendations	
Fee Type	Rate Recommendation
Disposal – Residential Assessment	Increase in Annual Assessment of \$15.43
Disposal – Tipping Fees	Increase in Disposal Tipping Fees of 15% per Fee
Collection – Residential Assessment	Increase in Annual Assessment of \$48.04

Existing Fiscal Year 2021 and Proposed Fiscal Year 2022 Rates

Based on the estimated solid waste disposal requirements and the estimated residential units requiring collection and disposal service, the projected revenue requirements identified for the Solid Waste System, the results of the cost allocation process and recognizing the general rate design objectives as mentioned earlier, and considering the recommendations of the QIC Consultant, it is proposed by the Division that the solid waste residential disposal assessment be maintained at current levels and that the collection assessment be increased for the Fiscal Year 2021. With respect to the financial forecast and in order to maintain net revenue margins and to promote long-term fiscal sustainability, the Division will continue to evaluate market-based fees for waste flows that are not controlled by the County (e.g., municipal processable waste, biosolids, tire fees, etc.), evaluate alternatives to the cost of operations where beneficial and practical to reduce operating expenses which may include changes in levels of service, and evaluate other revenue sources that may be available in order to minimize the need for future additional rate increases. The Division will annually monitor the financial position of the Solid Waste System and as part of the budget process evaluate the sufficiency of the solid waste rates and report to the Board our findings and recommendations. Based on this rate recommendation, the disposal and residential collection rates for solid waste service to be placed into service during the Fiscal Year 2021 are proposed on the following page:

Existing and Proposed Solid Waste Rates with Effective Date of Implementation		
	Existing Rates Effective Jan. 1, 2021	Proposed Rates Effective Jan. 1, 2022
Annual Disposal Assessment per Dwelling Unit:		
Single-family, Regular	\$102.89	\$118.32
Single-family, Senior Citizen	73.32	84.30
Condominium, Regular	66.30	76.23
Condominium, Senior Citizen	46.23	53.16
Annual Collection Assessment per Dwelling Unit:		
Curbside	\$186.43	\$234.47
New Customer Cart Service Fee (per New Residential Service Established)		
	\$120.00	N/A
Additional Cart Service Request Fee (per Individual new Cart Delivered per Customer Request)		
	\$65.00	\$65.00
Cart Swap Fee (per Customer Requested Change-out)		
	\$20.00	\$20.00
	Existing Rates Effective Oct. 1, 2020	Proposed Rates Effective Oct. 1, 2021
Commercial:		
Processable, per Ton	\$73.22	\$84.20
Non-processable, per Ton	62.38	71.74
Non-profit Recycling Residue, per Ton	35.00	35.00
Municipalities:		
Processable, per Ton	\$61.54	\$70.77
Non-processable, per Ton	39.11	44.98
Yard / Wood Waste Processing, per Ton		
	\$37.06	\$42.62
Tire Processing:		
Passenger Tire, per Ton [1]	\$130.00	\$149.50
Passenger Tire, each Tire [1]	6.00	6.90
Tires with Rims, per Ton [2]	185.00	212.75
Tires with Rims, each Tire [2]	8.00	9.20
Semi-truck, Oversized, and Off-road Tires, per Ton [3]	155.00	178.25
Semi-truck, Oversized, and Off-road Tires, each Tire [3]	14.00	16.10

Table continued on following page.

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Existing and Proposed Solid Waste Rates with Effective Date of Implementation (cont'd.)		
	Existing Rates Effective Jan. 1, 2021	Proposed Rates Effective Jan. 1, 2022
Mixed Load Rate Surcharge at 200% (2 Times) the Normal Rate:		
Processable (per Ton):		
Non-municipal	\$146.44	\$168.40
Municipal	123.08	141.54
Non-processable (per Ton):		
Non-municipal	\$124.76	\$143.48
Municipal	78.22	89.96
Witness Disposal, per Event [4]	\$100.00	\$100.00
After Hours Disposal, per Hour [5]	\$300.00	\$300.00
Recycling Registration, per Application Registration [6]	\$50.00	\$50.00
Vehicle Weight, per Weigh [7]	\$10.00	\$10.00
Biosolids for Composting, per Ton [8]	\$23.11	\$23.11
Asbestos, per Ton [9]	\$158.25	\$158.25
Emergency Event Rate (per Ton):		
Incineration – Processable	\$43.00	\$49.45
Landfilling	35.00	40.25
Yard and Wood Waste Processing	30.00	34.50

[1] Passenger tires without rims and less than 18-inches in diameter.

[2] Passenger tires with rim.

[3] Tires that exceed 18-inches in diameter.

[4] Charge includes waste disposal up to one (1) ton per event, additional and applicable tip fees apply for waste in excess of one (1) ton.

[5] Disposal before or after the hours of 7:30 am to 5:30 pm Monday through Saturday or on Sunday.

[6] Application fee to be paid by a vendor seeking a recycling registration.

[7] This charge is required when a customer requests a vehicle be weighed solely to determine the weight of the vehicle.

[8] Approved quantities accepted are limited by operational and permitted capacity.

[9] Asbestos-containing material is only accepted at the Southeast Landfill after obtaining special approval and conforming to all applicable packaging and notification requirements for delivery of such waste.

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Impact to Residential Customers

The following summarizes the proposed impact to the residential curbside customer predicated on the rates developed in this study, which are considered necessary to meet the revenue requirements for such Fiscal Year:

Residential Solid Waste Annual Disposal and Collection Rate Impact (per Dwelling Unit) [*]			
Combined Annual Assessment	Existing Disposal and Collection Rates Effective Jan. 1, 2021	Proposed Disposal and Collection Rates Effective Jan. 1, 2022	Annual Change in Rates
Single-family Residential	\$289.32	\$352.79	\$63.47
Single-family Residential, Senior Citizen	259.75	318.77	59.02
Condominium	252.73	310.70	57.97
Condominium, Senior Citizen	232.66	287.63	54.97

[*] Beginning in Fiscal Year 2022 the County is eliminating disposal-only service from the residential assessment. These customers will be charged as commercial customers and will pay disposal tipping fee.

As can be seen from the table above, all residential customer classes will see an increase in the annual assessment for solid waste disposal and collection service for the Fiscal Year 2022.

Rate Covenant Compliance

A significant financial parameter of the Solid Waste System is associated with the ability of such system to be in compliance with the Rate Covenant as defined in the Bond Ordinance. The Bond Ordinance was adopted by the County and authorized the issuance of the Solid Waste System’s Outstanding Bonds. The Bond Ordinance contains, among other things, certain covenants that must be satisfied, the purpose of which is to provide a surety to the bondholders that the debt payments will be made. The covenants reflected in Section 11.04 of the Bond Ordinance include certain debt service coverage ratios that are applicable to the level of rates charged and the Net Revenue margins achieved.

Based on the assumptions recognized in the development of the financial forecast, including assumed supplemental use of the Rate Stabilization Fund (although not required to meeting minimum coverage requirements for the Review Period), the current and projected annual Bond Service Requirement as provided by the County’s Municipal Financial Advisor, and the proposed rates as identified in this report for the Solid Waste System for the Review Period, it is estimated that the Rate Covenant will be met as follows during such period:

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Rate Covenant Compliance		
Rate Covenant Tests	Fiscal Year 2021	Fiscal Year 2022
Test 1 – Calculated [1]	106%	111%
Test 1 – Required [2]	100%	100%
Test 2 – Calculated [1]	111%	112%
Test 2 – Required [2]	100%	100%

[1] Amounts shown derived from Table 3 of QIC Letter included in Appendix A. The following Rate Covenant tests are included in the Bond Ordinance:

Test 1 = Gross Revenues in each Bond Year in an amount at least equal to the aggregate of i) 100% of the Cost of Operation and Maintenance; ii) 115% of the Bond Service Requirement; iii) the amount necessary to make the deposits to the Debt Service Reserve Fund and the Renewal and Replacement Fund; and iv) 100% of the payment to the Subordinated Debt Service Fund. Percent equates to amount Gross Revenues exceed the identified required deposits for calculation.

Test 2 = Gross Revenues plus transfers from the Rate Stabilization Fund not to exceed 25% of the balance on deposit in the fund at the end of the previous Fiscal Year shall equal the sum of: i) 100% of the Cost of Operation and Maintenance; and ii) 100% of the Bond Service Requirement. Percent equates to amount Gross Revenues exceed the identified required deposits for calculation.

[2] Represents the various Rate Covenant minimum requirements as defined in Section 11.04 of the Bond Ordinance.

Conclusions

This revenue and rate sufficiency study has demonstrated that the current rates and fees, based on the assumptions as discussed in this report, are not anticipated by the Division and the Qualified Independent Consultant to be adequate to meet the identified funding requirements of the Solid Waste System for the Review Period and the financial condition of the Solid Waste System is anticipated to deteriorate without an adjustment in rates for Fiscal Year 2022. Notable factors affecting the projected net revenues and overall cash flow of the Solid Waste System are as follows:

1. Continued reductions in recycling net revenues due primarily to lower markets for the sale and demand for such commodity.
2. Continued increases in the Cost of Operation and Maintenance as a result of incremental changes in operation (e.g., composting), inflation, which is automatically passed through to the County per the various contract agreements for the Southeast Landfill and Resource Recovery Facility operations, yard waste and recyclable materials processing, and residential collection services.
3. Increased Contract Hauler rates to become effective beginning in Fiscal Year 2022 based on the 2021 Franchise Agreements.

Other factors such as the need to continue to fund capital expenditures at the disposal sites.

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APPENDIX A:

**QUALIFIED INDEPENDENT CONSULTANT
"SOLID WASTE MANAGEMENT SYSTEM
2021 SOLID WASTE
RATE SUFFICIENCY ANALYSIS"**



July 14, 2021

Ms. Kimberly Byer, P.G.
Director, Public Works – Solid Waste Management Division
Hillsborough County
601 E. Kennedy Blvd.
Tampa, FL 33602

Subject: **2021 Solid Waste Management System Rate Sufficiency Analysis**

Dear Ms. Byer:

Raftelis Financial Consultants, Inc. ("Raftelis") has reviewed the rate revenue and financial projections for the Hillsborough County (the "County") Solid Waste enterprise fund (the "Solid Waste System") as prepared by County staff. The primary purpose of our review of the rate revenue and financial projections was to comment on: i) the adequacy of the existing rates and fees as reflected in Rate Resolution No. R20-055 adopted by the Board of County Commissioners (the "Board") on July 15, 2020 (the "Rate Resolution") and the proposed rates and fees as documented in the Revenue Sufficiency Study dated July 14, 2021 as prepared by the County staff in meeting the projected financial requirements of the Solid Waste System for the current Fiscal Year 2021 and for the projected Fiscal Year 2022; and ii) determine whether the existing and proposed rates and fees would allow the Solid Waste System to be in compliance with the Rate Covenant set forth in Section 11.04 of the Solid Waste and Resource Recovery Revenue Bond Ordinance No. 16-24, as amended, that was adopted on October 19, 2016 by the Board (the "Bond Ordinance") which authorized the issuance of the Outstanding Bonds^[1].

In order to provide the opinion of rate sufficiency and compliance, Raftelis reviewed the financial projections prepared by County staff. Our opinion addresses the current Fiscal Year 2021 and the upcoming Fiscal Year 2022 (collectively for both Fiscal Years, the "Review Period"). The review of Solid Waste System financial forecast for the Review Period as conducted by Raftelis included the following analytical procedures:

1. Review of recent historical and projected assessed residential units receiving curbside collection and disposal services, including review of customer service / billing summary reports of the Solid Waste System as prepared by County staff for the Fiscal Year 2020 and year-to-date Fiscal Year 2021.
2. Review of the solid waste generation (tons) by customer class and waste type that are disposed of by the County at the Resource Recovery Facility, the County's landfill, or by separate agreement (e.g., yard and wood waste disposal) (reference Table 1 to this letter) for the Fiscal Year 2020 and year-to-date Fiscal Year 2021.

[1] The Bonds currently outstanding as of the date of this report include the Solid Waste and Resource Recovery Revenue Bonds, Series 2016A (AMT) (the "Series 2016A Bonds") and the Solid Waste and Resource Recovery Revenue Bonds, Series 2016B (NON-AMT) (the "Series 2016B Bonds"), (collectively, the "Outstanding Bonds").

3. Review of the projected rate revenues anticipated to be collected by the Solid Waste System based on the application of the existing rates and fees, as reflected in the Rate Resolution, to the projected customer and solid waste disposal statistics for the Review Period.
4. Review of the projected rate revenues anticipated to be collected by the Solid Waste System based on the application of the anticipated rates and fees, as identified by the County staff for the Fiscal Year 2022, which was based, in part, on meeting the rate covenant requirements as delineated in Section 11.04 of the Bond Ordinance, to the projected customer and solid waste disposal statistics for the Fiscal Year 2022.
5. Review of the Fiscal Year 2021 Budget, including current year-to-date expenditures, and comparison to prior actual operating results for the Fiscal Year 2020 as provided by County staff.
6. Review of the terms and conditions of the a) current franchise agreements between the County and the respective "Contract Haulers" for solid waste collection services; b) the Extension Operations and Management Agreement between the County and Covanta Hillsborough, Inc.; c) the Consolidated Operations and Maintenance Agreement between the County and Consolidated Resource Recovery, Inc.; d) the Processing and Marking of Recyclable Materials Agreement between the County and Progressive Waste Solutions of Florida, Inc.; and e) the Agreement between the County and Waste Management, Inc. of Florida regarding the operation of the County's Southeast Landfill (collectively, the "Contracted Services"), with particular emphasis on the current unit rates being charged for the specified services in the respective agreements and the annual escalation clause contained in each agreement associated with the projection of unit costs for expense projection purposes (the Contracted Services to which an annual index applies, which is customary in the industry, currently accounts for approximately 74% of the total Cost of Operation and Maintenance).
7. Review the terms and conditions of the anticipated amended franchise agreements between the County and the respective Contract Haulers for solid waste collection services which is anticipated to become effective in February 2022 and which will result in, among other things, increased fees to be paid to the Contract Haulers for solid waste collection services by the County.
8. Review of the terms and conditions of the Electric Power Purchase and Sale Agreement by and between Seminole Electric Cooperative, Inc. ("SEC") and the County, including the basis for the sale of electricity generated from the Resource Recovery Facility, the capacity of the facility and amount allocable to the Solid Waste System, and the amount paid for such energy based on a review of invoices and other financial information for service to: i) SEC; ii) the Public Utilities Department; and iii) Tampa Electric Company, Inc. ("TECO") associated with the delivery of electricity produced by the facility (as provided in said agreement).
9. Review of current year-to-date Fiscal Year 2021 Cost of Operation and Maintenance for the Solid Waste System as well as projections for the remainder of the Review Period based on forecasts prepared by and discussions with County staff.

10. Review of the existing debt service requirements of the Solid Waste System for the Review Period as well as projections of future debt requirements and anticipated changes in debt structure, if any, that may be identified in order to fund the capital improvement program of the Solid Waste System.
11. Review of the annual funding of the Renewal and Replacement ("R&R") Fund, including the recommendations as contained in the "Review of the Renewal and Replacement Fund Requirement" letter dated September 2020 as determined by the County's Consulting Engineers, serving as the Qualified Independent Consultant for the determination of the R&R Fund Requirement), as well as other capital funds, where applicable, in accordance with the provisions of the Bond Ordinance and the evaluation of the sufficiency of such capital funds to finance the capital expenditures as identified by the County staff during the Review Period.
12. Review of the fund (cash) balance of each specific fund or account maintained by the County for the Solid Waste System and the availability of funds for the funding of ongoing operations, debt repayment, compliance with the Rate Covenant as contained in Section 11.04 of the Bond Ordinance, and the ability to fund the identified capital expenditures of the Solid Waste System including the maintenance of the R&R Fund Requirement as identified by the County's consulting engineers on behalf of the Solid Waste System.
13. Review of the deposits required to be made to the Landfill Closure and Long-term Care Funds for the Southeast County Landfill Phases 1 through 9, including a review of documents prepared by the Florida Department of Environmental Protection (FDEP) and the County regarding the current estimated cost of closure and long-term care, the estimated amount of total capacity (expressed in cubic yards) of the respective landfill disposal sections or cells, cumulative capacity used and estimated remaining capacity at the respective sections or cells, and a review of previous calculations made in support of the determination of the annual landfill closure and long-term care liability.
14. Review of other revenues accruing to the benefit of the Solid Waste System during the Review Period, interest earnings, miscellaneous operating revenues such as sale of scrap metals, customer service charges, estimated recycling revenues, and other identified revenues received for the benefit of the Solid Waste System; and
15. Performance of analytical procedures to validate certain components of the Solid Waste System financial forecast working papers and analyses to determine general calculation accuracy.

The review performed by Raftelis included such procedures as we considered necessary to evaluate the reasonableness of the financial forecast for the Review Period based on the assumptions and data provided by the County staff to Raftelis, especially as it related to the ability of the existing rates to meet the projected revenue requirements of the Solid Waste System.

The Rate Covenant provisions contained in Section 11.04 of the Bond Ordinance include the payment of the Cost of Operation and Maintenance, sustaining adequate debt service coverage ratios and required deposits to funds established by the Bond Ordinance (e.g., Renewal and Replacement Fund).

The financial forecast for the Review Period is summarized on Table 2 and the ability of the Solid Waste System revenue to comply with the Rate Covenant provisions as defined in the Bond Ordinance is summarized on Table 3 for the Outstanding Bonds. Based on our review of the assumptions and analyses incorporated in the Review Period financial forecast and recognizing the anticipated fees to be charged by the Contract Haulers, nothing came to our attention that caused us to believe that the existing Fiscal Year 2021 rates and fees as set forth in the Rate Resolution will not ensure continuing compliance with the Rate Covenant defined in the Bond Ordinance for such Fiscal Year. However, recognizing the anticipated increased fees to be paid to the Contract Haulers for solid waste collection services by the County beginning in Fiscal Year 2022 and increasing costs for disposal and disposal-related capital, it is recommended that the County adjust the rates for disposal and collection services in Fiscal Year 2022. The residential disposal and collection assessment increases as being recommended by the County (presented to the Board in the annual amount of \$63.47 per residential customer receiving service), as well as tipping fee increases of 15%, are necessary to maintain compliance with the rate covenant as delineated in the Bond Ordinance, to support the overall fiscal position of the Solid Waste System, and to allow for the phasing of rates over a multi-year period.

Based on our review of the Solid Waste System financial forecast, including: i) the assumptions recognized therein; ii) the allocation of costs for residential collection service; and iii) the anticipated Net Revenue coverage for the current Fiscal Year which includes the use of transfers from the Rate Stabilization Fund, Raftelis is of the opinion that the rates as delineated in the proposed resolution, included in the Solid Waste Rate Report and shown on Table 4, for the Fiscal Year 2022 are reasonable and necessary in order to provide for the continuing compliance with the Rate Covenant as set forth in Section 11.04 of the Bond Ordinance during the Review Period. If the County were to reduce the implementation of the recommended rates this could place the Solid Waste System in an adverse fiscal position and would result in significant rate adjustments in the future. It should be noted that this letter relates only to matters specific to compliance to the Bond Ordinance and does not extend to any financial statements of the County.

A review of the financial projections prepared by County staff for immediate periods subsequent to the Review Period also indicates that disposal and collection rates are expected to require additional rate adjustments to fund the anticipated increased cost of collection services and disposal, maintain adequate financial margins, and finance the capital needs of the System, which also assumes the need to issue additional bonds in the future. Based on our review of the forecast and our understanding of the County's Solid Waste System operations and funding needs, we concur that the rates for disposal and collection service will require increases beyond the Fiscal Year 2022 and these adjustments could be significant. The County will need to monitor the financial results of the Solid Waste System since changes in: i) the amount of solid waste disposed at the County facilities; ii) the availability of funds to meet the annual Bond Service Requirement for the Outstanding Bonds; and iii) continued increases in the Cost of Operation and Maintenance, which in part is due to the change in and the application of the annual cost (inflation) index to the cost of Contracted Services, may affect the ability to meet the Rate Covenant in the future.

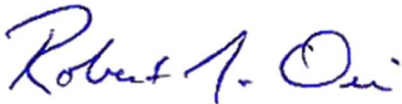
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Ms. Kimberly Byer, P.G.
Hillsborough County
July 14, 2021
Page 5

We appreciate the opportunity to perform this financial review of the Solid Waste System and to provide this letter to the County regarding the ability of the Solid Waste System revenues to comply with the Rate Covenant defined in the Bond Ordinance during the Review Period.

Very truly yours,

RAFTELIS FINANCIAL CONSULTANTS, INC.



Robert J. Ori
Executive Vice President



Thierry A. Boveri, CGFM
Senior Manager



Nicholas T. Smith, CGFM
Senior Consultant

RJO/dlc
Attachments

Table 1

**Hillsborough County, Florida
Public Utilities Department - Solid Waste Management**

Historical and Projected Customer Statistics and Waste Generation Statistics

Line No.	Description	Fiscal Year Ending September 30,		
		Historical 2020	Projected 2021 2022	
Assessments				
Residential Average Dwelling Units Served - Disposal:				
1	Single-family	294,957	300,834	299,554
2	Multi-family	25,039	25,039	4,776
3	Total Units	<u>319,996</u>	<u>325,873</u>	<u>304,330</u>
Residential Average Dwelling Units Served - Collection:				
4	Single-family	288,682	294,554	299,554
5	Multi-family	4,777	4,776	4,776
6	Total Units	<u>293,459</u>	<u>299,330</u>	<u>304,330</u>
Tonnage				
Processable				
7	Residential	392,217	398,973	346,686
8	Municipal	29,762	28,444	20,932
9	Commercial	298,969	298,969	331,918
10	Solid Waste Management System	-	-	-
11	Total Processable	<u>720,948</u>	<u>726,386</u>	<u>699,537</u>
Non-Processable				
12	Residential	16,712	17,075	14,787
13	Municipal	21,608	20,418	20,418
14	Commercial	16,330	16,330	17,290
15	Solid Waste Management System	12	-	-
16	Total Non-Processable	<u>54,663</u>	<u>53,823</u>	<u>52,495</u>
Sludge				
17	Residential	-	-	-
18	Municipal (Includes Biosolids for Composting)	21,822	21,976	30,835
19	Commercial	-	-	-
20	Solid Waste Management System	-	-	-
21	Total Sludge	<u>21,822</u>	<u>21,976</u>	<u>30,835</u>

Table 1

**Hillsborough County, Florida
Public Utilities Department - Solid Waste Management**

Historical and Projected Customer Statistics and Waste Generation Statistics

Line No.	Description	Fiscal Year Ending September 30,		
		Historical 2020	Projected 2021 2022	
	Tires			
22	Residential	727	355	358
23	Municipal	-	-	-
24	Commercial	2,786	2,786	2,809
25	Solid Waste Management	2	-	-
26	Total Tires	<u>3,515</u>	<u>3,141</u>	<u>3,167</u>
	Yard Waste			
27	Residential	91,056	92,589	84,067
28	Municipal	4,516	4,475	4,475
29	Commercial	45,355	63,153	68,610
30	Solid Waste Management System	-	-	-
31	Total Yard Waste	<u>140,927</u>	<u>160,217</u>	<u>157,151</u>
	Recycling			
32	Residential	34,537	63,301	59,124
33	Commercial	4,215	4,215	8,052
34	Total Recycling	<u>38,752</u>	<u>67,516</u>	<u>67,176</u>

Table 2

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Summary of Net Revenue Requirements - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
	Operation and Maintenance Expenses		
1	Public Utilities Director	\$ 212,910	\$ 222,881
2	Equipment & Facilities - PU	304,950	315,138
3	Management Reports & Analysis - PU	24,405	25,332
4	South/Central Customer Service Center - PU	56,544	58,701
5	Public Utilities Division Director - Support	38,576	39,891
6	Fiscal/Business Services - PU	2,440,478	2,502,267
7	Information Management Office - PU	33,640	34,465
8	Operational Management/CAMS - PU	48,360	50,272
9	DMSS Admin - PU	78	82
10	Service Availability & Assessment - PU	245,156	252,764
11	PU HR Resource Management	47,635	49,459
12	Acquisitions & Contracts - PU	325,159	338,043
13	Collection Assessments - PU	49,948,862	65,942,769
14	Enforcement	365,000	373,950
15	Anti-Litter Program	213,912	219,173
16	Curbside Recycling	2,434,691	2,494,260
17	Yard/Wood Waste Process	4,248,092	4,245,475
18	Non-Residential Billing - PU	389,248	404,729
19	Call Center - PU	752,090	783,011
20	NorthWest Site Access - PU	293,908	304,258
21	South Cty Site Access - PU	174,882	181,130
22	Site Access Resource Recovery - PU	212,002	220,226
23	Site Access Landfill- PU	310,461	322,815
24	Operations Administration - SW	826,444	851,657
25	Leachate Mgmt	5,650,724	4,360,581
26	Resource Recycling Plant Ops	32,243,995	33,580,398
27	Prohibited Waste/Recycle	1,387,610	1,429,163
28	Northwest Transfer Station	4,688,694	4,870,226
29	South Cty Transfer Station	3,060,954	3,175,310
30	NorthWest Site Access CCC	829,130	860,323
31	South Cty Site Access CCC	285,530	297,342
32	Alderman Ford Site Access CCC	275,058	285,940
33	Hillsb Heights Site CCC	213,078	221,171
34	SouthEast Landfill Ops	7,929,264	7,553,251
35	Tire Shredding Facility	437,515	456,914
36	Landfill Administration	30,267	31,033
37	NW Closed LF Mtn	302,560	312,470

Table 2

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Summary of Net Revenue Requirements - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
38	HH/Tam Closed LF Mtn	881,404	911,558
39	Pleas Gr Closed LF Mtn	10,000	10,245
40	Closed LF Environmental Svcs	454,337	471,564
41	Sydney Mine Closed LF Mtn	35,000	35,858
42	Eureka Springs Closed Landfill	25,000	25,613
43	Superfund Cleanup- Taylor Rd	75,530	77,537
44	Operations & Billing - Pu	75,368	78,684
45	PH Procurement Services	43,556	45,127
46	IIO Software Development & Solutions	93	98
47	IIO Enterprise Project Management Office	328,685	341,580
48	Operations and Maintenance - REFS	150,689	155,969
49	N/W Field Service - PU	263	276
50	GIS - PW	19,531	20,312
51	Innovation & Resiliency	182,563	189,974
52	Total Operation and Maintenance Expenses	\$ 123,563,881	\$ 140,031,262
	Other Revenue Requirements		
	Annual Debt Service:		
53	Series 2016 Refunding Bonds	\$ 10,155,474	\$ 10,157,880
54	2020 Subordinate Line of Credit	92,338	303,214
55	Series 2022 (Evaporator and Transfer Station)	-	64,117
56	Total Annual Debt Service	10,247,812	10,525,211
	Other Transfers and Funding Requirements:		
57	Capital Funded From Rates	\$ 2,296,128	\$ 2,739,000
58	Transfer to Landfill Closure Fund (40/032/019 and 40/032/43)	692,400	642,600
59	Transfer to Internal CIP Fund (40/032/058)	8,500,000	18,500,000
60	Transfer to Rate Stabilization Fund (40/032/049)	-	-
61	Transfer to CIP Fund - Cart Replacement (40/032/058)	-	-
62	Transfer to Operating Fund (Maintain 75 Days of O&M)	-	-
63	Total Other Transfers and Funding Requirements	\$ 16,343,563	\$ 28,059,794
64	Total Other Revenue Requirements	26,591,375	38,585,005
65	Gross Revenue Requirements	150,155,256	178,616,267

Table 2

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Summary of Net Revenue Requirements - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
	Less Income and Funds from Other Sources:		
	Interest Income		
66	Revenue / Operations and Maintenance / General Purpose	\$ 517,448	\$ 646,503
67	General Purpose - Assessment Timing Adjustment	338,113	409,950
68	Closure and Long-Term Care	708,100	658,500
69	Debt Service Funds	94,900	157,500
70	Rate Stabilization Fund	1,125,700	599,700
71	Energy Revenues	16,132,134	16,451,479
72	Ferrous Revenues	101,370	103,230
73	Non Ferrous Revenues	124,136	126,413
74	Rents and Royalties	277,458	277,458
75	Other Revenues	-	-
76	Residential Initial Cart Fee	600,000	142,500
77	Transfer from Rate Stabilization Fund	20,813,363	24,586,129
78	Net Revenue Requirements from Rates	\$ 109,072,535	\$ 134,231,906
	Disposal and Collection Fee Revenues		
	Disposal Fee Revenues		
79	Residential Assessment Revenue - Disposal Component	\$ 30,646,356	\$ 33,029,547
80	Municipal and Commercial Revenue - Disposal	28,787,542	35,889,010
81	Total Revenue Under Existing Rates - Disposal	\$ 59,433,898	\$ 68,918,557
	Collection Fee Revenues		
82	Residential Assessment Revenue	\$ 49,638,636	\$ 65,313,349
83	Total Fee Revenues	\$ 109,072,535	\$ 134,231,906
	Revenue Surplus / (Deficiency) Under Proposed Rate Adjustments		
84	Amount of Surplus / (Deficiency)	\$ -	\$ -
85	As Percent of Existing Revenue	0.00%	0.00%

Table 3

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Projected Bond Service Requirement Rate Covenant Compliance - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
	System Revenues		
1	Disposal Fee Revenue	\$ 59,433,898	\$ 68,918,557
2	Collection Fee Revenue	49,638,636	65,313,349
3	Total Disposal and Collection Fee Revenue	\$ 109,072,535	\$ 134,231,906
	Other Operating Revenue		
4	Energy Revenues	\$ 16,132,134	\$ 16,451,479
5	Ferrous Revenues	101,370	103,230
6	Non Ferrous Revenues	124,136	126,413
7	Rents and Royalties	277,458	277,458
8	Other Revenues	-	-
9	Residential Initial Cart Fee	600,000	142,500
10	Total Other Operating Revenue	\$ 17,485,098	\$ 17,326,080
11	Total Operating Revenues	\$ 126,557,632	\$ 151,557,986
12	Unrestricted Interest Income	\$ 2,076,161	\$ 1,813,653
13	Less Debt Service Fund Interest Income	(94,900)	(157,500)
14	Transfer from / (to) Rate Stabilization Fund	20,813,363	24,586,129
15	Total Gross System Revenues	\$ 149,352,256	\$ 177,800,267
	Cost of Operation and Maintenance		
17	Public Utilities Director	\$ 212,910	\$ 222,881
18	Equipment & Facilities - PU	304,950	315,138
19	Management Reports & Analysis - PU	24,405	25,332
20	South/Central Customer Service Center - PU	56,544	58,701
21	Public Utilities Division Director - Support	38,576	39,891
22	Fiscal/Business Services - PU	2,440,478	2,502,267
23	Information Management Office - PU	33,640	34,465
24	Operational Management/CAMS - PU	48,360	50,272
25	DMSS Admin - PU	78	82
26	Service Availability & Assessment - PU	245,156	252,764
27	PU HR Resource Management	47,635	49,459
28	Acquisitions & Contracts - PU	325,159	338,043
29	Collection Assessments - PU	49,948,862	65,942,769
30	Enforcement	365,000	373,950
31	Anti-Litter Program	213,912	219,173
32	Curbside Recycling	2,434,691	2,494,260
33	Yard/Wood Waste Process	4,248,092	4,245,475
34	Non-Residential Billing - PU	389,248	404,729
35	Call Center - PU	752,090	783,011
36	NorthWest Site Access - PU	293,908	304,258
37	South Cty Site Access - PU	174,882	181,130
38	Site Access Resource Recovery - PU	212,002	220,226
39	Site Access Landfill- PU	310,461	322,815
40	Operations Administration - SW	826,444	851,657

Table 3

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Projected Bond Service Requirement Rate Covenant Compliance - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
41	Leachate Mgmt	5,650,724	4,360,581
42	Resource Recycling Plant Ops	32,243,995	33,580,398
43	Prohibited Waste/Recycle	1,387,610	1,429,163
44	Northwest Transfer Station	4,688,694	4,870,226
45	South Cty Transfer Station	3,060,954	3,175,310
46	NorthWest Site Access CCC	829,130	860,323
47	South Cty Site Access CCC	285,530	297,342
48	Alderman Ford Site Access CCC	275,058	285,940
49	Hillsb Heights Site CCC	213,078	221,171
50	SouthEast Landfill Ops	7,929,264	7,553,251
51	Tire Shredding Facility	437,515	456,914
52	Landfill Administration	30,267	31,033
53	NW Closed LF Mtn	302,560	312,470
54	HH/Tam Closed LF Mtn	881,404	911,558
55	Pleas Gr Closed LF Mtn	10,000	10,245
56	Closed LF Environmental Svcs	454,337	471,564
57	Sydney Mine Closed LF Mtn	35,000	35,858
58	Eureka Springs Closed Landfill	25,000	25,613
59	Superfund Cleanup- Taylor Rd	75,530	77,537
60	Operations & Billing - Pu	75,368	78,684
61	PH Procurement Services	43,556	45,127
62	IIO Software Development & Solutions	93	98
63	IIO Enterprise Project Management Office	328,685	341,580
64	Operations and Maintenance - REFS	150,689	155,969
65	N/W Field Service - PU	263	276
66	GIS - PW	19,531	20,312
67	Innovation & Resiliency	182,563	189,974
68	Reclassification of Closure/Long-term Care Deposits	1,242,498	1,646,834
69	Total Cost of Operation and Maintenance	\$ 124,806,380	\$ 141,678,096
70	Operating Ratio	83.6%	79.7%
71	Net Revenues	\$ 24,545,876	\$ 36,122,172
	Bond Service Requirement		
72	Existing Debt Payments	\$ 10,155,000	\$ 10,158,000
73	Proposed Debt Payments	70,661	330,779
74	Less Debt Service Fund Interest Income	(94,900)	(157,500)
75	Total Bond Service Requirement (Senior Bonds)	\$ 10,130,761	\$ 10,331,279
	Required Transfers		
76	Deposit to Debt Service Reserve Fund	\$ -	\$ -
77	Deposit to Renewal and Replacement Fund	4,855,035	6,178,194
78	Total Required Transfers	\$ 4,855,035	\$ 6,178,194

Table 3

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Projected Bond Service Requirement Rate Covenant Compliance - For the Forecast Period

Line No.	Description	Fiscal Year Ending September 30,	
		2021	2022
Debt Service Coverage - Test A			
79	Total Gross System Revenues	\$ 149,352,256	\$ 177,800,267
Coverage Requirement			
80	100% of Cost of Operation and Maintenance	\$ 124,806,380	\$ 141,678,096
81	115% of Bond Service Requirement	11,650,375	11,880,971
82	Required Deposit to Debt Service Reserve Fund	-	-
83	Required Deposit to Renewal and Replacement Fund	4,855,035	6,178,194
84	100% of Subordinate Lien Debt	-	-
85	Total Coverage Requirement	\$ 141,311,790	\$ 159,737,261
86	Coverage Ratio - Calculated	106%	111%
87	Coverage Ratio - Required	100%	100%
AND			
Debt Service Coverage - Test B			
88	Total Gross System Revenues	\$ 149,352,256	\$ 177,800,267
89	Less Use of Rate Stabilization Fund (above 25% Of Fund Balance)	-	(8,061,230)
90	Adjusted Gross System Revenues	\$ 149,352,256	\$ 169,739,038
Coverage Requirement			
91	100% of Cost of Operation and Maintenance	\$ 124,806,380	\$ 141,678,096
92	100% of Bond Service Requirement	10,130,761	10,331,279
93	Total Coverage Requirement	\$ 134,937,141	\$ 152,009,375
94	Coverage Ratio - Calculated	111%	112%
95	Coverage Ratio - Required	100%	100%

Table 4

Hillsborough County, Florida
Public Utilities Department - Solid Waste Management

Summary of Previous, Current and Projected Solid Waste Collection and Disposal Rates

Line No.	Description	Fiscal Year Ending September 30,		
		Previous 2020	Current 2021	Projected 2022
Existing Annual Disposal Assessment Per Dwelling Unit				
1	Single Family, Regular	\$ 102.89	\$ 102.89	\$ 118.32
2	Single Family, Senior Citizen	73.32	73.32	84.30
3	Condominium, Regular	66.30	66.30	76.23
4	Condominium, Senior Citizen	46.23	46.23	53.16
Annual Collection Assessment Per Dwelling Unit				
5	Single Family, Curbside	\$ 131.43	\$ 186.43	\$ 234.47
6	Curbside with Additional Backdoor Service	131.43	186.43	234.47
7	Total Single Family, Regular Assessment	<u>\$ 234.32</u>	<u>\$ 289.32</u>	<u>\$ 352.79</u>
Tipping Fees:				
Municipalities				
8	Processable, Per Ton	\$ 61.54	\$ 61.54	\$ 70.77
9	Non-Processable, Per Ton	39.11	39.11	44.98
10	Passenger Tires, Per Ton	115.00	130.00	149.50
11	Tires w/ Rims, Per Ton	185.00	185.00	212.75
12	Semi, Oversized, and Off-Road Tires, Per Ton	120.00	155.00	178.25
13	Yard / Wood Waste, Per Ton	37.06	37.06	42.62
Commercial				
14	Processable, Per Ton	\$ 73.22	\$ 73.22	\$ 84.20
15	Non-Processable, Per Ton	62.38	62.38	71.74
16	Passenger Tires, Per Ton	115.00	130.00	149.50
17	Tires w/ Rims, Per Ton	185.00	185.00	212.75
18	Semi and Oversized Tires, Per Ton	120.00	155.00	178.25
19	Yard / Wood Waste, Per Ton	<u>37.06</u>	<u>37.06</u>	<u>42.62</u>



Public Hearing to adopt FY2022 Solid Waste Non-ad Valorem Rates and Assessments

August 4, 2021



Solid Waste Assessment

- FY 21 Solid Waste Assessments:
 \$289.32 Annually
 \$102.89 Disposal
 \$186.43 Collections
- Senior Assistance and Other Discounts offered
- Solid Waste Assessment Role must be certified by Sept. 15 per Statutory requirements.

Non-Ad Valorem Assessments

Taxing Authority	Telephone	Amount
LIGHTING DISTRICT 776	813-635-5400	65.59
STORMWATER MANAGEMENT	813-635-5400	76.26
SOLID WASTE DISPOSAL	813-272-5977 X 43486	102.89
SOLID WASTE COLLECTION	813-272-5977 X 43486	186.43

Total Non-Ad Valorem Assessments	\$431.27
Combined Taxes & Assessments	\$3,393.31

Nancy C Millan, Hillsborough County Tax Collector 2020 NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

Account No. A0478883346	Tax District U	Escrow CL-0011680	Assessed Value 205,909
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Exemptions HB, HX

Detach this portion and return it with your payment.

Postmarks are not accepted after March 31st

Pay this Amount	\$0.00				
If Postmarked By	Nov 30, 2020				

Remember to write your account number on your check.

Make checks payable in US funds to:
 Nancy C Millan, Tax Collector
 PO Box 30012
 Tampa FL 33630-3012

SAMPLE



Residential Solid Waste Assessment Summary

YEAR	COLLECTION	DISPOSAL	COMBINED
2013	\$148.60	\$82.57	\$231.17
2014	\$131.43	\$91.32	\$222.75
2015	\$131.43	\$91.32	\$222.75
2016	\$131.43	\$91.32	\$222.75
2017	\$131.43	\$91.32	\$222.75
2018	\$131.43	\$97.53	\$228.96
2019	\$131.43	\$97.53	\$228.96
2020	\$131.43	\$102.89	\$234.32
Current 2021	\$186.43	\$102.89	\$289.32
Proposed 2022	\$234.47	\$118.32	\$352.79

County enjoyed low and levelized Solid Waste Rates for 8 years

BOCC Approvals and Action

2013 Awarded 7-year agreement with 3 Franchise Collectors

- Republic, Waste Management, and Waste Connections
- Average cost \$7.72-\$8.32 per month per residential unit

2019 Board approved RFP Scope of Services for new Collection Services Contract

- RFP issued August 2019
- Bids received in November, average cost in excess of \$20 per month
- January 2020 Bids were rejected

2020 Approval of bridge Contract with current Franchise Collectors to allow advertising new RFP

- \$12.85/mo. per residential unit effective Oct 1,2020 thru Jan 31,2022

2020 Board approved new contracts for collection beginning February 1, 2022 for Solid Waste Collection

- Republic, Waste Management, and FCC
- Average cost \$18.70/mo. per residential unit

2022 FY22 Collection Assessment = 4 months at \$12.85 (bridge contract) and 8 months (new contract) at \$18.70

What's Driving Cost Increases for Collection and Disposal?

Collection

- Equipment costs, labor, and maintenance costs across industry have increased significantly
- New contracts reflects market value

Disposal

- Operating Expenses are Related to Contract Services
- RRF Approaching End of Service Life

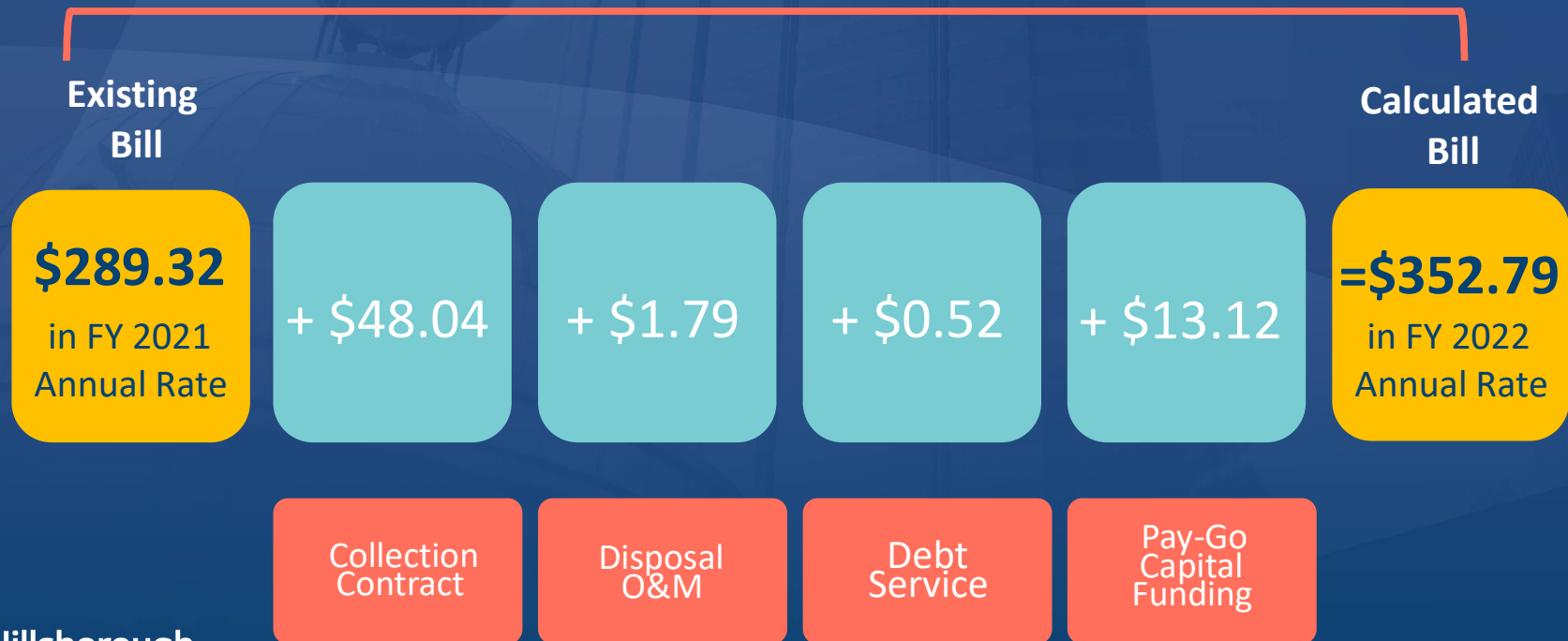
Efforts to Minimize Increase

- Restructured Debt to Reduce Rate Impacts
- Reducing County Operation Expenses
 - Leachate Evaporator
 - Increased subcontractors at the transfer stations
 - Increased night time transfer of waste

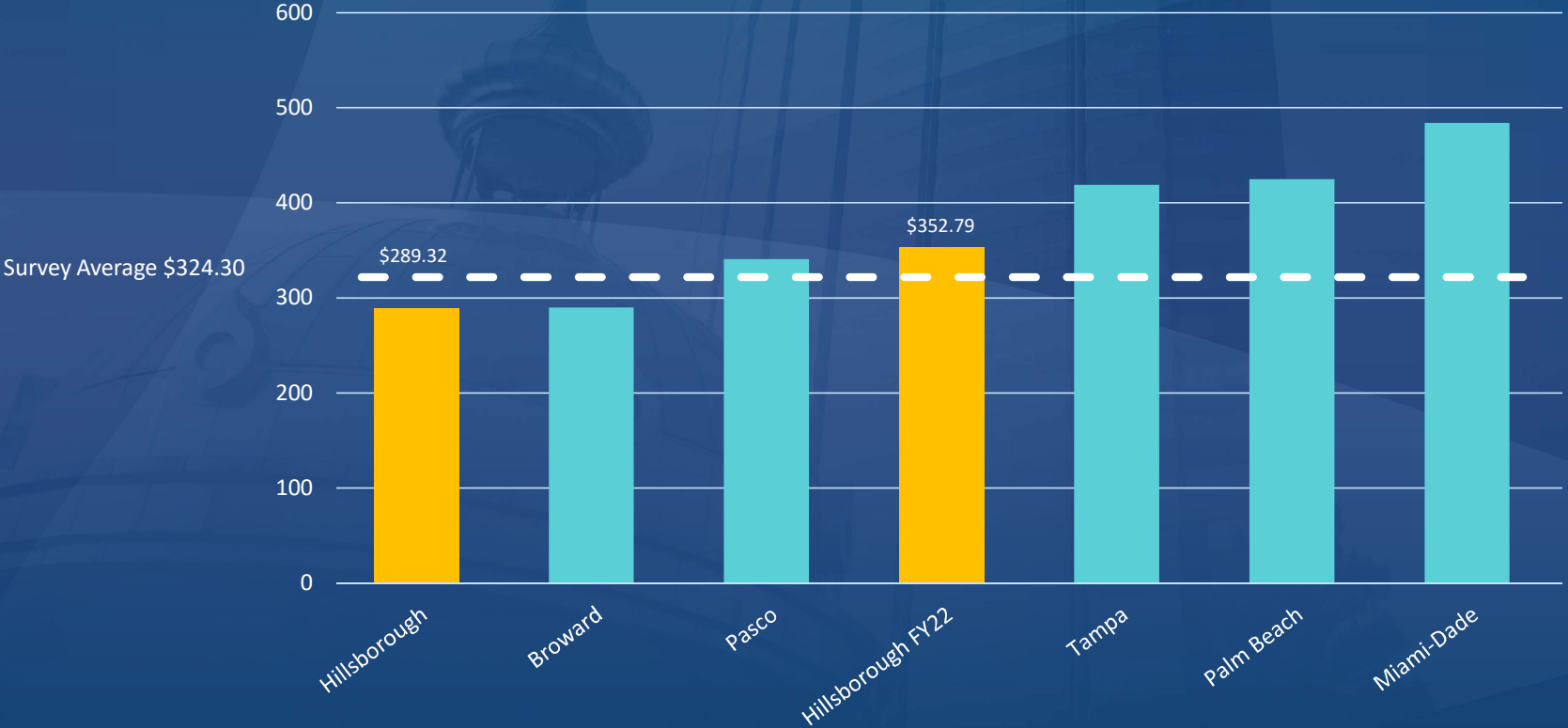
FY 22 Residential Assessments and Rates

Category	Changes
Curbside Collection	Increase of \$48.04/yr or \$4.00/mo
Disposal Assessment	Increase of \$15.43/yr or \$1.29/mo
Other Changes	Increase in Commercial and Municipal Processable and Non-Processable, Yard Waste, and Tires, eliminate \$120 new customer cart fees, eliminate disposal only customers.

Residential Household Assessment / Disposal and Collections (FY 21 - FY 22)



Residential Household Assessment Comparison / 2x Week



■ With RRF ■ Hillsborough County ■ Survey Average

Solid Waste Discounts and Credits

- Senior Discount
 - 28.75% discount on Disposal Assessment
- Condominium
 - 35.57% discount on Disposal Assessment
- Hardship Credit-pending approval
 - \$45 credit on Disposal Assessment
 - \$15 credit on Collection Assessment



Public Hearing to adopt FY2022 Solid Waste Non-ad Valorem Rates and Assessments

August 4, 2021

