

**Indian River County, Florida
Solid Waste Disposal District
Board Memorandum**

Date: June 9, 2023

To: The Solid Waste Disposal District Board of Commissioners

Through: John A. Titkanich, Jr., County Administrator
Sean C. Lieske, Director of Utility Services

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Subject: Update on SWDD Rate Study

Descriptions and Conditions:

On April 4, 2023, the Indian River County (IRC) Solid Waste Disposal District (SWDD) Board of Commissioners were presented with the Solid Waste Rate Study prepared by Kessler Consulting, Inc. (KCI). Per KCI and staff recommendations, the SWDD Board approved new tipping fees starting October 1, 2023, as well as implementing the proposed change in Waste Generation Units (WGU) by 50%; with the remaining 50% change being implemented October 1, 2027.

As SWDD staff began working with the IRC Property Appraiser's office on the WGU changes and in preparing the Fiscal Year (FY) 2023/24 budget request, it became evident that one of the key assumptions utilized by KCI in the rate study model was incorrect. Specifically, the available fund balance KCI had programmed into the model for FY21/22.

Therefore, the purpose of this agenda item is to provide an update on the SWDD Rate Study, and the associated impacts to our future capital projects and SWDD budget request for FY23/24.

Analysis:

Staff and KCI worked both with the IRC Clerk of Court's Comptroller Division and the IRC Office of Management and Budget to update the rate study model with the correct fund balance for FY21/22 of \$20,626,273 million, which represents the unrestricted cash balance available. KCI had utilized both the net investment in capital assets and unrestricted fund balance of \$52,753,032 million, which does not represent available funds for use. As such, available funds for use in the model were incorrectly projected.

In addition, the rate study model has been updated to properly capture the restricted closure funds and the associated closure projects. Also, depreciation expenses were removed from the rate study model as these are non-cash expenditures.

Per County Policy, SWDD has to maintain the following required fund balances:

- Emergency and Disaster Relief Reserve – A balance equal to 5% of budgeted operating expenditures for the current fiscal year for the purpose of responding to natural and man-made emergencies.

- Budget Stabilization Reserve – A balance of no less than 5% of budgeted operating expenditures for the current fiscal year for the purposes of budget stabilization.
- Unassigned Fund Balance – The County will maintain the goal of 20% of the budgeted annual operating expenditures for the current year.

Overall, the absolute minimum fund balance is 20% with the total fund balance goal of 30%.

There are two significant impacts that have resulted due to this update:

- 1) Over the 10-year projected span, the updated rate study model did require certain capital projects to be pushed out until the available fund balance was above the minimum 30% fund balance policy. However, there were some exceptions that occur in FY26 (27%), FY29 (22%) and FY30 (22%) which are above the absolute minimum balance of 20%; and
- 2) the residential and commercial assessments for FY23/24 are recommended to be increased by 2.4% and 15.42%, respectively.

The above is summarized in the attached updated tables provided by Kessler Consulting, Inc.

Funding:

This agenda provides an update to the SWDD rate study and is not requesting any funding.

Recommendation:

This agenda provides an update to the Solid Waste Disposal District rate study and is not requesting Board action at this time.

Attachments:

1. SWDD Rate Study Updated Tables