



Solid Waste Rate Study

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Prepared by



Solid Waste Consultants  
to Local Government

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## **Solid Waste Rate Study**

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## **1 Executive Summary**

This Solid Waste Rate Study evaluates the financial condition of the City of Lompoc's solid waste enterprise fund and analyzes the City's Solid Waste collection rates for consistency with Article XIII D of the California Constitution (Proposition 218). The Study includes a financial plan for the solid waste enterprise fund and an evaluation of the structure of the City's solid waste collection rates. It accompanies the City Council staff report considering proposed adjustments to Solid Waste collection rates and is intended to support the Proposition 218 noticing and public hearing process.

In 2023, the City completed a comprehensive Cost of Service Study that established revised Solid Waste collection rates and landfill fees effective July 1, 2023. That study analyzed the cost of providing solid waste collection and landfill services and allocated those costs to customer classes and service levels based on cost causation principles. The resulting rate structure established proportional relationships among collection rates that reflect differences in service volume, container size, and service frequency.

Since adoption of the fiscal year 2024 rate structure, the City has implemented uniform, across-the-board rate adjustments to better align revenues with actual operating and capital costs and to improve the financial condition of the solid waste enterprise fund. These adjustments did not modify the underlying rate structure or alter the proportional relationships among customer classes or service levels established in the 2023 cost of service analysis.

This Study evaluates the financial outlook of the solid waste enterprise fund under currently approved rates and assesses whether those rates generate sufficient revenue to recover the cost of providing service, maintain adequate operating cash balances, and achieve debt service coverage ratios typically required to support creditworthy utility operations. The analysis shows that under currently approved rates, operating results remain insufficient to restore cash reserves or achieve debt service coverage ratios generally required by lenders. As a result, the solid waste enterprise fund remains in a weakened financial position.

To address these conditions, this Study evaluates three alternative collection rate adjustment scenarios—Accelerated, Moderate, and Gradual—each of which assumes implementation of the previously approved rate adjustment effective July 1, 2026, but replaces the previously approved adjustment scheduled for July 1, 2027. The scenarios differ in the timing and magnitude of additional rate adjustments and therefore in the pace at which operating cash balances are restored and debt service coverage ratios improve. The Accelerated Scenario restores financial stability and creditworthiness most rapidly but has higher near-term rate impacts. The Moderate Scenario balances ratepayer

impacts with a steady improvement in financial condition. The Gradual Scenario spreads rate increases over a longer period but results in slower financial recovery.

For each scenario, this Study presents a detailed financial plan, projected operating results, changes in operating cash, and debt service coverage ratios. The Study also evaluates the cost of service of the proposed rates using a rate-per-gallon framework and reconciles proposed rates to projected collection revenues. These analyses demonstrate that the proportional relationships among service levels established in the 2023 cost of service study are preserved under each scenario.

Based on this review, the Study finds that the proposed collection rates evaluated herein are designed to recover, but not exceed, the cost of providing service and remain proportional to the cost of service attributable to each level of service. Accordingly, the Solid Waste collection rates evaluated in this Study remain consistent with the requirements of Proposition 218. The City may rely on this Study as documentation supporting the Proposition 218 noticing process and City Council consideration of the proposed rate adjustments.

## **2 Purpose and Scope**

### **2.1 Purpose and Scope**

The purpose of this Solid Waste Rate Study is to evaluate whether the City of Lompoc's Solid Waste collection rates remain consistent with the requirements of Proposition 218 following a series of uniform rate adjustments adopted since FY 2024. The Study supports City Council consideration of proposed rate adjustments and provides documentation for the Proposition 218 noticing process.

The scope of this Study is limited to validating the continued relationship between rates and cost of service. It does not redesign the rate structure, reallocate costs among customer classes, or establish a new rate structure.

### **2.2 Regulatory Context**

Solid Waste collection rates are property-related fees subject to Proposition 218. Under Article XIII D of the California Constitution, such fees must be limited to the cost of providing service and must be proportional to the service provided to each parcel. Revenues derived from the fee may not exceed the funds required to provide the service.

This Study addresses these requirements as they apply to Solid Waste collection rates.

### **2.3 Prior Cost of Service Analysis and Rate Structure**

In 2023, the City completed a comprehensive Cost of Service Study that established a revised Solid Waste collection rate structure effective July 1, 2023, which were in effect during fiscal 2024. That analysis evaluated the operating and capital costs of the Utility and allocated costs between collection operations and landfill operations.

Collection costs were further allocated to customer classes and service levels using cost drivers reflecting differences in container size, service volume, and service frequency. The resulting rate structure established proportional relationships among rates based on the relative cost of providing different levels of service. The fiscal 2024 rate structure adopted by the City Council reflected those allocations and relationships.

### **2.4 Treatment of Landfill Fees**

The solid waste enterprise fund includes both collection operations and landfill operations. For Proposition 218, Solid Waste *collection rates* are property-related fees, while landfill tipping fees are usage-based charges and are not subject to Proposition 218.

Landfill-related costs attributable to collection service were incorporated into the cost allocations used to establish the fiscal 2024 collection rate structure. This Study focuses

primarily on solid waste collection rates and their relationship to the cost of providing service.

## **2.5 Rate Adjustments Since Fiscal 2024**

Since adoption of the fiscal 2024 rate structure, the City has implemented uniform, across-the-board adjustments to Solid Waste collection rates. These adjustments were adopted to better align revenues with actual operating and capital costs and to strengthen the financial condition of the solid waste enterprise fund. The uniform application of these adjustments did not alter the structure of the rate schedule or the proportional relationships among customer classes or service levels.

### 3 Currently Approved Collection Rates and Landfill Fees

#### 3.1 Currently Approved Collection Rates and Landfill Fees

Table 1 and Table 2 below shows the rate adjustments approved in 2023 for the most common levels of solid waste collection and landfill service, respectively.

**Table 1 – Currently Approved Rates – Collection**

Effective Date of Increase	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Rates Effective During FY	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
65 - Gallon Container	\$36.97	\$42.51	\$48.89	\$56.22	\$57.91
Percent Increase		15.0%	15.0%	15.0%	3.0%
95 - Gallon Container	\$46.96	\$54.01	\$62.11	\$71.42	\$73.57
Percent Increase		15.0%	15.0%	15.0%	3.0%
300 - Gallon Container	\$91.34	\$105.04	\$120.79	\$138.91	\$143.08
Percent Increase		15.0%	15.0%	15.0%	3.0%
450 - Gallon Container	\$112.62	\$129.51	\$148.93	\$171.27	\$176.41
Percent Increase		15.0%	15.0%	15.0%	3.0%

**Table 2 – Currently Approved Rates – Landfill**

Effective Date of Increase	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Rates Effective During FY	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Passenger Vehicle (per load)	\$15.00	\$16.00	\$17.00	\$18.00	\$19.00
		6.7%	6.3%	5.9%	5.6%
Weighed Tons - Refuse (per ton)	\$100.00	\$105.00	\$110.00	\$115.00	\$120.00
		5.0%	4.8%	4.5%	4.3%
Weighed Tons - Greenwaste (per ton)	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
		0.0%	0.0%	0.0%	0.0%

Table 1 shows the cost-of-service rates that were implemented effective July 1, 2023, which were followed by across-the-board adjustments of 15% effective July 1, 2024, and 15% effective July 1, 2025. The current rate in effect for a residential customer with a 65-gallon cart is \$48.89. Under the currently approved rates, this rate will increase by 15% to 56.22 effective July 1, 2026, and then by 3% to \$57.91 effective July 1, 2027. There are currently no approved rate adjustments after July 1, 2027.

Table 2 shows the landfill fees that were implemented effective July 1, 2023, and the fee adjustments that were implemented in effective July 1, 2024, and 2024. The current fee per ton for refuse is \$110.00 per ton. Under the currently approved rate adjustment plan, this fee is scheduled to increase to \$115.00 effective July 1, 2026, and then to 120.00 per ton effective July 1, 2027. There are currently no approved rate adjustments after July 1, 2027.

## 4 Financial Outlook – Currently Approved Rates

This financial outlook sets forth the solid waste utility’s current and projected operating and capital costs of providing both collection and landfill services. This plan includes the utility’s projected operating results and financial condition under the currently approved rates. The projected operating costs are presented separately before being combined for enterprise-level financial analysis. The cost information presented in this section includes both actual historical costs and projected future costs over the analysis period.

### 4.1 Actual and Projected Cost of Operations

Table 3 below shows the actual and projected operating costs for the utility’s collection operations for fiscal years 2024 through 2031.

**Table 3 – Operating Costs - Collection**

Description	Actual		Projected					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Operating and Maintenance</b>								
Collection	\$4,833	\$5,239	\$5,249	\$5,435	\$5,626	\$5,821	\$6,023	\$6,233
Recycling	886	1,093	1,129	1,168	1,210	1,252	1,296	1,342
Code Enforcement	80	83	86	89	93	96	100	104
Graffiti Removal	15	11	11	11	12	12	13	13
Street Sweeping	522	588	549	569	589	610	632	654
Abandoned Vehicles	150	158	163	169	175	181	187	194
Administration	184	235	247	256	266	276	287	298
Purchasing & Stores	16	17	17	18	18	19	20	20
Debt Service	\$873	\$1,247	\$1,255	\$1,255	\$909	\$909	\$849	\$425
Subtotal - Collection O&M w/out City Packer Trucks	\$7,559	\$8,671	\$8,706	\$8,970	\$8,898	\$9,176	\$9,407	\$9,283
Intra-city Disposal - Landfill Fees	2,580	2,607	2,730	2,855	2,981	2,996	3,011	3,026
Total Operating and Maintenance	\$10,139	\$11,278	\$11,436	\$11,825	\$11,879	\$12,172	\$12,418	\$12,309

(in 000s)

These costs represent the resources required to provide collection services to residential and commercial customers. Because the City operates both the collection system and the landfill, City-operated collection vehicles incur landfill tipping fee charges when disposing of collected material at the City landfill (Intra-city Disposal – Landfill Fees). These internal disposal charges are shown as a separate line item in Table 3 to identify the internal cost of disposal included within the City’s collection operating costs. For analytical purposes, Table 3 also includes a subtotal of collection operating costs excluding the intra-City landfill tipping fee expense. This subtotal represents the cost of collection service exclusive of internally incurred disposal costs and is used Table 3 are combined with the landfill operating costs below in Table 4 to arrive at the utility’s total operating costs further below in Table 5.

Table 3 below shows the actual and projected operating costs for the utility’s collection operations for fiscal years 2024 through 2031. These costs reflect the resources required to operate and maintain the landfill facility and include labor and benefits, equipment operations and maintenance, environmental monitoring and compliance, regulatory costs, and administrative and overhead costs.

**Table 4 – Operating Costs - Landfill**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Operating and Maintenance</b>								
Environmental Management	\$4	\$4	\$4	\$5	\$5	\$5	\$5	\$6
Landfill	5,387	4,440	4,291	4,427	4,567	4,709	4,857	5,011
Administration	158	152	155	160	166	172	178	184
Household Hazardous Waste	189	219	226	234	243	251	260	270
Debt Service	318	354	659	1,124	1,241	1,203	1,123	1,336
<b>Total Operating and Maintenance</b>	<b>\$6,056</b>	<b>\$5,169</b>	<b>\$5,335</b>	<b>\$5,950</b>	<b>\$6,222</b>	<b>\$6,340</b>	<b>\$6,423</b>	<b>\$6,807</b>

(in 000s)

Table 5 below combines collection and landfill operating costs into a single operation and maintenance cost framework for purposes of evaluating overall enterprise fund performance. In combining these costs, intra-City landfill revenue and intra-City landfill expense are excluded to avoid double counting. The combined cost framework presented in Table 6-3 represents the total cost of providing Solid Waste services on a consolidated basis and serves as the foundation for the revenue requirement, operating results, and cash flow analyses presented in subsequent sections of this Study.

**Table 5 – Operating Costs – Collection and Landfill Combined**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Operating and Maintenance</b>								
Collection	\$4,833	\$5,239	\$5,249	\$5,435	\$5,626	\$5,821	\$6,023	\$6,233
Recycling	886	1,093	1,129	1,168	1,210	1,252	1,296	1,342
Code Enforcement	80	83	86	89	93	96	100	104
Graffiti Removal	15	11	11	11	12	12	13	13
Environmental Management	4	4	4	5	5	5	5	6
Landfill	5,387	4,440	4,291	4,427	4,567	4,709	4,857	5,011
Household Hazardous Waste	189	219	226	234	243	251	260	270
Street Sweeping	522	588	549	569	589	610	632	654
Abandoned Vehicles	150	158	163	169	175	181	187	194
Administration	341	387	402	417	432	448	465	482
Purchasing & Stores	16	17	17	18	18	19	20	20
Debt Service	1,191	1,601	1,914	2,379	2,150	2,113	1,972	1,760
<b>Total Operating and Maintenance*</b>	<b>\$13,614</b>	<b>\$13,840</b>	<b>\$14,041</b>	<b>\$14,921</b>	<b>\$15,120</b>	<b>\$15,517</b>	<b>\$15,830</b>	<b>\$16,089</b>

(in 000s) \*Excludes Intra-city Disposal

Future operating costs were projected by escalating utility’s current actual expenditures. These categories included salaries and wages, health benefits, CalPERS retirement contributions, and other operating and maintenance costs. Future revenue was projected based on the proposed rate adjustments described in Section, and a customer volume growth escalator. The cost and volume escalation factors used in the financial plan are shown below in Table 6. The City’s actual and projected capital expenditures are shown further below in Table 7.

**Table 6 – Cost and Volume Escalation Factors**

Description	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Inflation	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Salaries and Wages	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
CSAC-EIA	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Workers Compensation and Benefits	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Fleet	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
City Overhead	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Customer Account Growth	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Landfill Volume Growth	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other Income Growth	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

**Table 7 – Capital Expenditures**

Description	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Collection:								
Collection Vehicle	\$407							
2 Collection Vehicles		\$854						
Rolloff Truck	220							
Rolloff Truck		263						
Collection Vehicle		424						
Pickup Truck	59							
Replacement of GMC Sweeper	0	0	0	\$438	0	0	0	0
Subtotal - Collection	\$686	\$1,541	\$0	\$438	\$0	\$0	\$0	\$0
Landfill:								
Excavator		369						
Replacement of Bulldozer			1,200					
Replacement of Horizontal Grinder			785					
Subtotal - Landfill	0	369	1,985	0	0	0	0	0
<b>Total Capital Expenditures</b>	\$686	\$1,911	\$1,985	\$438	\$0	\$0	\$0	\$0

(in 000s)

As of June 30, 2025, the solid waste enterprise fund had approximately \$13.9 million in long term debt. For the twelve months ending June 30, 2025, the utility paid approximately \$1.6 million in debt service (principal and interest). Table 8 below shows the actual and projected amount of outstanding long-term debt at the end of each fiscal year and the amount of debt service paid during the fiscal year.

**Table 8 – Long-term Debt and Debt Service**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Outstanding Debt - July 1st</b>	\$2,803	\$9,034	\$13,935	\$12,726	\$13,575	\$12,059	\$10,517	\$9,050
Principal Paid	(943)	(1,265)	(1,469)	(1,741)	(1,515)	(1,542)	(1,467)	(1,324)
New Debt	7,173	6,166	260	2,590	0	0	0	213
<b>Outstanding Debt - June 30th</b>	<u>\$9,034</u>	<u>\$13,935</u>	<u>\$12,726</u>	<u>\$13,575</u>	<u>\$12,059</u>	<u>\$10,517</u>	<u>\$9,050</u>	<u>\$7,939</u>
Debt Service	\$1,196	\$1,611	\$1,914	\$2,379	\$2,150	\$2,113	\$1,972	\$1,760

(in 000s)

### Limitations

The pro-forma financial projections in this report are subject to certain limitations. These projections were prepared pursuant to the approach described above and are based on information provided by the City. These projections were prepared for the sole use of the City for the purpose of analyzing the City’s solid waste rates. They are not intended to be used for any other purpose.

Moreover, the pro-forma projections are based on assumptions regarding future inflation, customer growth rates, and planned capital expenditures. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

### 4.2 Operating Performance Under Currently Approved Rates

This section evaluates the financial performance of the utility under the currently approved collection rate structure. The analysis focuses on whether revenues generated by existing rates are sufficient to support the cost of service, maintain adequate operating cash balances, and achieve financial metrics typically associated with creditworthy utility operations.

Table 9 on the following page shows the operating results for the utility’s collection operations. Table 10 further below on the following page shows the operating results for the utility’s landfill operations, and Table 11 at the bottom on the following page shows the utility’s operating results for the collection and landfill operations combined.

**Table 9 – Operating Results – Collection - Currently Approved Rates**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Rate Revenue	\$8,568	\$ 9,837	\$ 11,400	\$ 13,137	\$ 13,591	\$ 13,539	\$ 13,600	\$ 13,667
Other Revenue	92	147	148	149	150	150	151	152
<b>Total Revenue</b>	<b>\$8,660</b>	<b>\$9,984</b>	<b>\$11,548</b>	<b>\$13,286</b>	<b>\$13,741</b>	<b>\$13,689</b>	<b>\$13,751</b>	<b>\$13,819</b>
Expenses	7,557	8,670	8,706	8,971	8,898	9,177	9,407	9,283
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	2,996	3,011	3,026
<b>Total Expenses</b>	<b>\$10,137</b>	<b>\$11,277</b>	<b>\$11,436</b>	<b>\$11,826</b>	<b>\$11,879</b>	<b>\$12,173</b>	<b>\$12,418</b>	<b>\$12,309</b>
Surplus / (Shortfall)	(\$1,477)	(\$1,293)	\$112	\$1,460	\$1,862	\$1,516	\$1,333	\$1,510

(in 000s)

**Table 10 – Operating Results – Landfill - Currently Approved Rates**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$2,325	\$2,650	\$2,730	\$2,825	\$2,921	\$2,943	\$2,966	\$2,988
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	2,996	3,011	3,026
<b>Total Revenue</b>	<b>\$4,906</b>	<b>\$5,257</b>	<b>\$5,461</b>	<b>\$5,680</b>	<b>\$5,902</b>	<b>\$5,939</b>	<b>\$5,976</b>	<b>\$6,014</b>
Expenses	\$6,055	\$5,170	\$5,335	\$5,950	\$6,221	\$6,341	\$6,424	\$6,807
Surplus / (Shortfall)	(\$1,149)	\$87	\$126	(\$270)	(\$319)	(\$402)	(\$448)	(\$793)

(in 000s)

**Table 11 – Operating Results – Collection and Landfill Combined - Currently Rates**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$10,985	\$ 12,635	\$ 14,278	\$ 16,110	\$ 16,662	\$ 16,632	\$ 16,717	\$ 16,807
Expenses	\$13,613	\$13,839	\$14,041	\$14,921	\$15,118	\$15,518	\$15,831	\$16,089
Income / (Loss)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$1,544	\$1,114	\$886	\$718

(in 000s) \*Excludes Intra-city Disposal

### 4.3 Changes in Operating Cash

Table 12 on the following page shows the actual and projected changes in the solid waste enterprise fund’s operating cash balance under the currently approved rate structure. Although recent rate adjustments improve operating performance relative to prior years, projected revenues remain insufficient to generate sustained operating surpluses in the near term.

As a result, operating cash balances remain under continued pressure and below the utility’s target reserve level. While cash balances are projected to improve gradually over time, the pace of recovery under currently approved rates is insufficient to restore adequate reserves or reduce financial vulnerability. The projected cash position limits the utility’s financial flexibility and contributes to continued weakness in overall financial condition.

**Table 12 – Changes in Cash – Currently Approved Rates**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Cash	\$482	(\$1,219)	(\$1,624)	(\$1,312)	(\$122)	\$1,420	\$2,535	\$3,421
Surplus/(Shortfall)	(2,627)	(1,205)	237	1,189	1,543	1,115	886	718
Temp Loans from (to) Water Fund	5,986	0	(7,100)	0	0	0	0	0
Rate-Funded Cap-Ex	(103)	(579)	0	0	0	0	0	0
Cap-Ex - Landfill Stormwater	(5,935)	(810)	0	0	0	0	0	0
Proceeds from Bond Financing	0	0	7,175	0	0	0	0	0
Other Changes to Cash	\$978	\$2,190	\$0	\$0	\$0	\$0	\$0	\$0
Ending Cash	(\$1,219)	(\$1,624)	(\$1,312)	(\$123)	\$1,421	\$2,535	\$3,421	\$4,139

(in 000s)

#### 4.4 Debt Service Coverage Ratio

The utility’s *debt service coverage ratio* is the total amount of annual cash net income (i.e., surplus), divided by annual debt service (principal plus interest). The debt service coverage ratio is used by lenders as indicator of creditworthiness. Many lenders require a debt service coverage ratio of at least 1.3. A debt service coverage ratio of less than one often indicates a higher risk of default. Under the currently approved rate plan, the utility’s projected debt service coverage ratios are expected to range between 0.1 and 0.7 as shown below in Table 13.

**Table 13 – Debt Service Coverage Ratio – Currently Approved Rates**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Surplus/(Shortfall)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$1,544	\$1,114	\$886	\$718
Debt Service	\$1,196	\$1,611	\$1,914	\$2,379	\$2,150	\$2,113	\$1,972	\$1,760
Debt Service Coverage Ratio			0.1	0.5	0.7	0.5	0.4	0.4

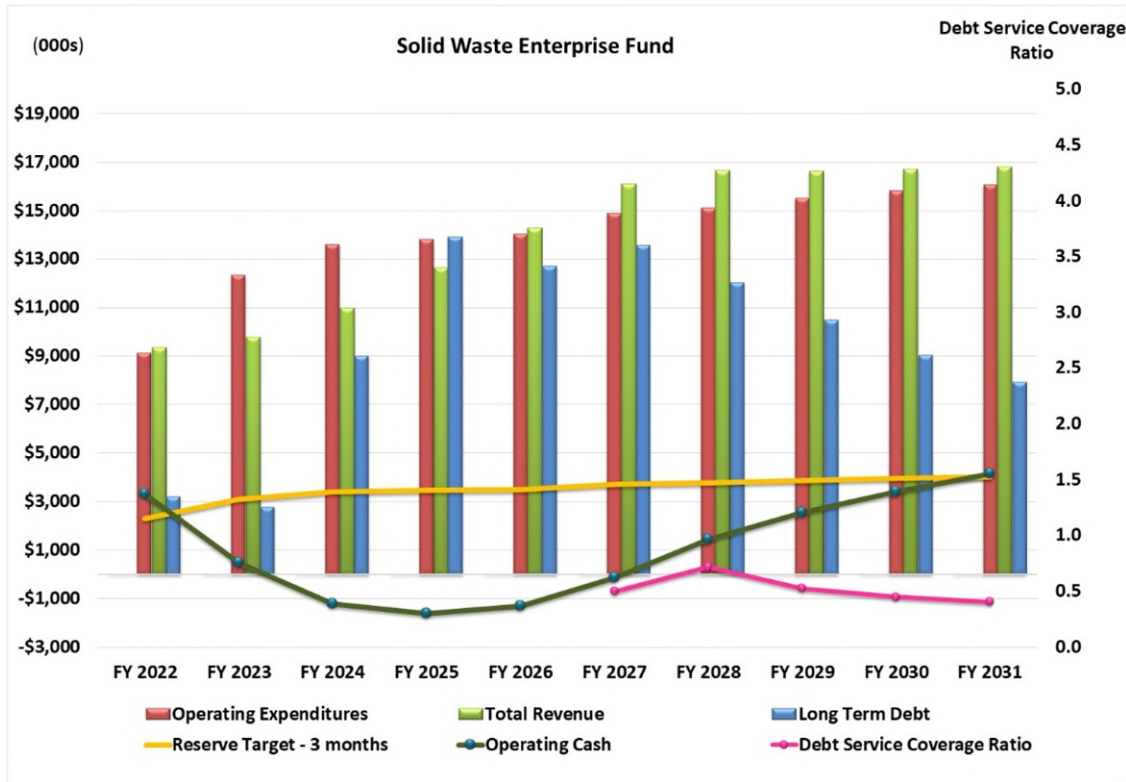
(in 000s)

#### 4.5 Financial Outlook– Currently Approved Rates

Chart 1 on the following page provides a visual overview of the utility’s operating revenues and expenses, operating cash balances, outstanding debt, and debt service coverage ratios. The red and green bars in Chart 1 represent the utility’s operating expenses and revenues, respectively. The blue bars represent the enterprise fund’s outstanding long-term debt. The green line represents the balance of operating cash. The yellow line represents the operating cash target balance, which is equal to 25% of operating expenses. The pink line represents the utility’s debt service coverage ratio. The debt service coverage ratio is measured by the values on the right side of Chart 1.

Because its recent actual operating results have been less favorable than projected, the solid waste enterprise fund is currently in poor financial health. Together, the tables in this section and the chart on the following page show that under currently approved rates, the solid waste utility does not achieve debt service coverage ratios typically required to restore and maintain creditworthiness.

**Chart 1 – Operating Performance and Financial Condition – Currently Approved Rates**



## 5 Proposed Adjustments to Landfill Fees

### 5.1 Landfill Fees

Under each of the rate adjustment scenarios in the following sections, landfill fees will continue to be increased gradually. Users of the Lompoc Landfill have other disposal options in Santa Barbara County. Landfill fees are set with a mind toward competitive market forces. As a result, it is proposed that landfill fees continue to be increased gradually. The adjustments to the most common types of landfill fees are shown below in

**Table 14 – Proposed Landfill Fee Adjustments FY2027 – FY 2030**

Service	Actual	Approved	Approved	Proposed	Proposed	Proposed
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Passenger Vehicle (per load)	\$17.00	\$18.00	\$19.00	<b>\$20.00</b>	<b>\$21.00</b>	<b>\$22.00</b>
	6.3%	5.9%	5.6%	5.3%	5.0%	4.8%
Weighed Tons - Refuse (per ton)	\$110.00	\$115.00	\$120.00	<b>\$125.00</b>	<b>\$130.00</b>	<b>\$135.00</b>
	4.8%	4.5%	4.3%	4.2%	4.0%	3.8%
Weighed Tons - Greenwaste (per ton)	\$65.00	\$65.00	\$65.00	<b>\$65.00</b>	<b>\$65.00</b>	<b>\$65.00</b>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Each of the three scenarios assume that the previously approved rate adjustment scheduled for July 1, 2026, will occur as planned. However, these options also assume that the previously approved rate adjustment planned for July 1, 2027, will be replaced by one of these new rate adjustment options.

## 6 Key Assumptions and Format of Financial Plans and Cost of Service Analysis

The following three sections evaluate alternative *collection* rate adjustment scenarios developed to improve the financial condition and creditworthiness of the solid waste enterprise fund.

### *Key Assumptions*

Each of these scenarios is based on two key assumptions. These are:

- Landfill fees will be adjusted effective July 1, 2026, as previously authorized. However, landfill fees effective July 1, 2027, will be adjusted as set forth in Table 14 in the previous section.
- The currently approved 15% across the board rate adjustment scheduled for July 1, 2026, will be implemented as previously planned. However, the 3% across the board rate adjustment schedule for July 1, 2027, will be supplanted by the proposed rates in each of these scenarios.

### *Format of Scenarios*

Each scenario is evaluated using the same analytical framework. This framework includes for each scenario:

- A **narrative overview** of the scenario.
- A single table of the proposed collection rates to be implemented beginning July 1, 2027. These **proposed rates** would supplant the previously approved rate adjustment plan.
- Three tables that show the **projected operating results** for the utility's collection, landfill and combined operations.
- A single table that shows the projected impact on the utility's **operating cash**.
- A single table that shows the projected **debt service coverage ratios**.
- A chart that provides a **visual overview** of the utility's operating revenues and expenses, operating cash balances, outstanding debt, and debt service coverage ratios.
- Two tables that **analyze the cost of service** of each of the collection rates. The first of these tables shows all the rates for each level of service. The second calculates the rate per gallon for each of the rates on the preceding table.

- A single table that **reconciles the proposed rates to the collection rate revenue** used in the projected operating results.

## 7 Financial Plan and Cost of Service Analysis – Accelerated Scenario

### 7.1 Overview – Accelerated Scenario

Under the Accelerated Scenario, the City would continue the previously approved 15 percent rate adjustment effective July 1, 2026, followed by a single additional 15 percent rate adjustment effective July 1, 2027. Thereafter, no further collection rate increases would be implemented.

This scenario is designed to restore the financial stability and creditworthiness of the solid waste enterprise fund as quickly as possible. The accelerated increase generates a rapid improvement in operating margins, allowing the utility to eliminate operating cash deficits, rebuild cash reserves, and achieve debt service coverage ratios consistent with lender expectations within a relatively short time frame.

While this approach results in higher near-term rate impacts to customers, it provides the most immediate path toward restoring creditworthiness and improving the utility’s ability to qualify for external financing on favorable terms.

### 7.2 Proposed Collection Rates – Accelerated Scenario

Table 16 below shows the proposed rates under the Accelerated Scenario. Under this scenario, the 15% across the board rate adjustment scheduled for July 1, 2026, would continue to be implemented. However, instead of the 3% rate adjustment scheduled for July 1, 2027, rates would be adjusted by 15%. Thereafter, rates would not be adjusted.

**Table 15 – Proposed Collection Rates – Accelerated Scenario**

Effective Date	July-23	July-24	July-25	July-26	July-27	July-28	July-29
Rates Effective During	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
65 - Gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$64.65	\$64.65	\$64.65
Percent Increase		15.0%	15.0%	15.0%	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>
95 - Gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$82.14	\$82.14	\$82.14
Percent Increase		15.0%	15.0%	15.0%	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Commercial</b>							
300 - Gallon	\$91.34	\$105.04	\$120.79	\$138.91	\$159.75	\$159.75	\$159.75
Percent Increase		15.0%	15.0%	15.0%	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>
450 - Gallon	\$112.62	\$129.51	\$148.93	\$171.27	\$196.96	\$196.96	\$196.96
Percent Increase		15.0%	15.0%	15.0%	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>

### 7.3 Projected Operating Results and Financial Condition – Accelerated Scenario

Table 17 on the following page shows the operating results for the utility’s collection operations. Table 18 further on the following page shows the operating results for the utility’s landfill operations, and Table 19 further below on the following page shows the utility’s operating results for the collection and landfill operations combined.

**Table 16 – Operating Results – Collection – Accelerated Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Rate Revenue	\$8,568	\$ 9,837	\$ 11,400	\$ 13,137	\$ 15,174	\$ 15,116	\$ 15,184	\$ 15,259
Other Revenue	92	147	148	149	150	150	151	152
<b>Total Revenue</b>	<b>\$8,660</b>	<b>\$9,984</b>	<b>\$11,548</b>	<b>\$13,286</b>	<b>\$15,324</b>	<b>\$15,266</b>	<b>\$15,335</b>	<b>\$15,411</b>
Expenses	7,557	8,670	8,706	8,971	8,898	9,177	9,407	9,283
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Expenses</b>	<b>\$10,137</b>	<b>\$11,277</b>	<b>\$11,436</b>	<b>\$11,826</b>	<b>\$11,879</b>	<b>\$12,285</b>	<b>\$12,644</b>	<b>\$12,649</b>
Surplus / (Shortfall)	(\$1,477)	(\$1,293)	\$112	\$1,460	\$3,445	\$2,981	\$2,691	\$2,762

(in 000s)

**Table 17 – Operating Results – Landfill - Accelerated Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$2,325	\$2,650	\$2,730	\$2,825	\$2,921	\$3,017	\$3,115	\$3,213
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Revenue</b>	<b>\$4,906</b>	<b>\$5,257</b>	<b>\$5,461</b>	<b>\$5,680</b>	<b>\$5,902</b>	<b>\$6,126</b>	<b>\$6,351</b>	<b>\$6,579</b>
Expenses	\$6,055	\$5,170	\$5,335	\$5,950	\$6,221	\$6,341	\$6,424	\$6,807
Surplus / (Shortfall)	(\$1,149)	\$87	\$126	(\$270)	(\$319)	(\$215)	(\$73)	(\$228)

(in 000s)

**Table 18 – Operating Results – Combined - Accelerated Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$10,985	\$ 12,635	\$ 14,278	\$ 16,110	\$ 18,245	\$ 18,284	\$ 18,450	\$ 18,624
Expenses	\$13,613	\$13,839	\$14,041	\$14,921	\$15,118	\$15,518	\$15,831	\$16,089
Income / (Loss)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$3,127	\$2,766	\$2,619	\$2,535

(in 000s) \*Excludes Intra-city Disposal

Table 20 below shows the projected changes in operating cash under the Accelerated Scenario. This scenario produces a rapid improvement in cash flow as the increased rate revenues generate sustained operating surpluses. Operating cash deficits are eliminated early in the projection period, and cash balances begin to rebuild toward the utility’s target reserve level.

By restoring positive cash flow quickly, the Accelerated Scenario stabilizes the enterprise fund’s financial position, reduces reliance on interfund borrowing, and provides the strongest near-term improvement in liquidity among the three scenarios evaluated.

**Table 19 – Changes in Cash – Accelerated Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Cash	\$482	(\$1,219)	(\$1,624)	(\$1,312)	(\$122)	\$3,004	\$5,770	\$8,389
Surplus/(Shortfall)	(2,627)	(1,205)	237	1,189	3,126	2,766	2,619	2,535
Temp Loans from (to) Water Fund	5,986	0	(7,100)	0	0	0	0	0
Rate-Funded Cap-Ex	(103)	(579)	0	0	0	0	0	0
Cap-Ex - Landfill Stormwater	(5,935)	(810)	0	0	0	0	0	0
Proceeds from Bond Financing	0	0	7,175	0	0	0	0	0
Other Changes to Cash	\$978	\$2,190	\$0	\$0	\$0	\$0	\$0	\$0
Ending Cash	(\$1,219)	(\$1,624)	(\$1,312)	(\$123)	\$3,004	\$5,770	\$8,389	\$10,924

(in 000s)

Table 21 below shows the projected debt service coverage ratios under the accelerated rate adjustment scenario. Under this scenario, the utility’s projected debt service coverage ratios are expected to increase to 0.5 by the end of fiscal 2027 and then increase to 1.5 by the end of fiscal 2028. Thereafter, the debt service coverage ratio would range between 1.3 and 1.4.

**Table 20 – Debt Service Coverage Ratio – Accelerated Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Surplus/(Shortfall)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$3,127	\$2,766	\$2,619	\$2,535
Debt Service	\$1,196	\$1,611	\$1,914	\$2,379	\$2,150	\$2,113	\$1,972	\$1,760
Debt Service Coverage Ratio			0.1	0.5	1.5	1.3	1.3	1.4

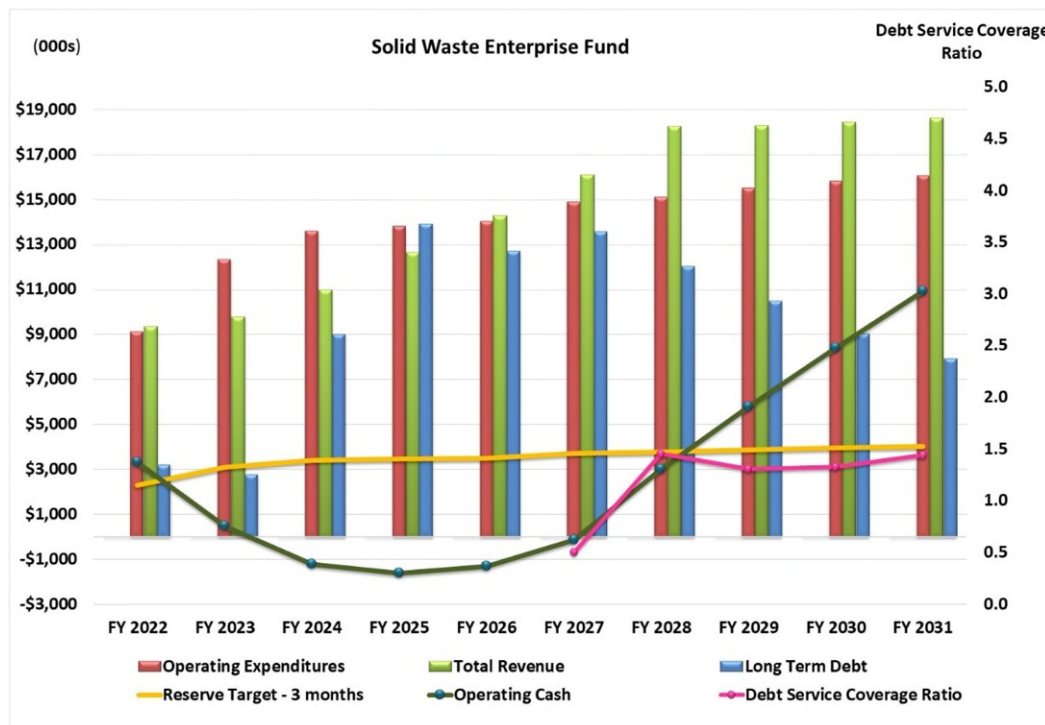
(in 000s)

Chart 2 on the following page provides a consolidated view of the utility’s operating performance and financial condition under the Accelerated Scenario. The chart illustrates

the rapid increase in operating revenues relative to expenses following the proposed rate adjustment, resulting in sustained operating surpluses.

As shown in the chart, operating cash balances increase quickly as surpluses are generated, allowing the utility to rebuild cash reserves toward its target level. Outstanding long-term debt declines steadily over time, and the debt service coverage ratio improves rapidly, reaching levels generally associated with creditworthy utility operations. Together, these trends demonstrate that the Accelerated Scenario produces the fastest improvement in liquidity and financial resilience among the scenarios evaluated.

**Chart 2 – Operating Performance and Financial Condition – Accelerated Scenario**



**7.4 Analysis of Cost of Service – Accelerated Scenario**

Table 22 and Table 23 on the following pages collectively analyze the cost of service of the rates proposed in the Accelerated Scenario. Table 22 lists all the utility’s monthly collection rates from the previous study, and under the proposed Accelerated Scenario. For each of the rates for each level of service in Table 22, Table 23 calculates the rate per gallon.

The 2023 cost of service study determined that larger containers benefit from economies of scale associated with higher service volumes and therefore exhibit lower costs per

gallon. Uniform rate adjustments applied since fiscal 2024, and under each proposed scenario, preserve these relationships. The rate-per-gallon results remain internally consistent across service levels, indicating that the proposed rates continue to reflect the proportional cost of service attributable to each level of service.

**Table 21 – Schedule of Collection Rates – Accelerated Scenario**

Description	Monthly Rates						
	From Previous Cost of Service Study				Proposed	Proposed	Proposed
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
1 ea. 65 gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$64.65	\$64.65	\$64.65
1 ea. 95 gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$82.14	\$82.14	\$82.14
1 ea. 95 and 1 ea. 65 gallon	\$78.38	\$90.15	\$111.00	\$127.65	\$146.80	\$146.80	\$146.80
2 ea. 95 gallon	\$86.88	\$99.92	\$114.90	\$132.14	\$151.96	\$151.96	\$151.96
Extra 65 gallon	\$31.42	\$36.14	\$41.56	\$47.79	\$54.96	\$54.96	\$54.96
Extra 95 gallon	\$39.92	\$45.91	\$52.79	\$60.71	\$69.82	\$69.82	\$69.82
1 ea. 65 gallon - Outside City	\$73.94	\$85.02	\$97.65	\$112.30	\$129.15	\$129.15	\$129.15
1 ea. 95 gallon - Outside City	\$93.92	\$108.02	\$124.04	\$142.65	\$164.05	\$164.05	\$164.05
Extra 65 gallon - Outside City	\$62.84	\$72.28	\$83.12	\$95.59	\$109.93	\$109.93	\$109.93
Extra 95 gallon - Outside City	\$79.84	\$91.82	\$105.58	\$121.42	\$139.63	\$139.63	\$139.63
<b>Commercial</b>							
65 Gal 1 Coll per Wk	\$35.56	\$40.59	\$46.68	\$53.68	\$61.73	\$61.73	\$61.73
65 Gal 2 Coll per Wk	\$70.83	\$81.18	\$93.36	\$107.36	\$123.46	\$123.46	\$123.46
65 Gal 3 Coll per Wk	\$106.11	\$121.77	\$140.04	\$161.05	\$185.21	\$185.21	\$185.21
95 Gal 1 Coll Per Wk	\$45.42	\$52.23	\$60.07	\$69.08	\$79.44	\$79.44	\$79.44
95 Gal 2 Coll Per Wk	\$90.84	\$104.47	\$120.14	\$138.16	\$158.88	\$158.88	\$158.88
95 Gal 3 Coll Per Wk	\$136.26	\$156.70	\$180.21	\$207.24	\$238.33	\$238.33	\$238.33
95 Gal 4 Coll Per Wk	\$181.69	\$208.94	\$240.15	\$276.18	\$317.61	\$317.61	\$317.61
95 Gal 5 Coll Per Wk	\$227.11	\$261.17	\$300.35	\$345.40	\$397.21	\$397.21	\$397.21
300 Gal 1 Coll Per Wk	\$91.34	\$105.04	\$120.79	\$138.91	\$159.75	\$159.75	\$159.75
300 Gal 2 Coll Per Wk	\$182.68	\$210.08	\$241.59	\$277.83	\$319.50	\$319.50	\$319.50
300 Gal 3 Coll Per Wk	\$274.01	\$315.12	\$362.38	\$416.74	\$479.25	\$479.25	\$479.25
300 Gal 4 Coll Per Wk	\$365.35	\$420.15	\$483.18	\$555.66	\$639.01	\$639.01	\$639.01
300 Gal 5 Coll Per Wk	\$456.69	\$525.19	\$603.97	\$694.57	\$798.76	\$798.76	\$798.76
450 Gal 1 Coll Per Wk	\$112.62	\$129.51	\$148.93	\$171.27	\$196.96	\$196.96	\$196.96
450 Gal 2 Coll Per Wk	\$225.23	\$259.02	\$297.87	\$342.55	\$393.93	\$393.93	\$393.93
450 Gal 3 Coll Per Wk	\$337.85	\$388.52	\$446.80	\$513.82	\$590.89	\$590.89	\$590.89
450 Gal 4 Coll Per Wk	\$450.46	\$518.03	\$595.74	\$685.10	\$787.87	\$787.87	\$787.87
450 Gal 5 Coll Per Wk	\$563.08	\$647.54	\$744.67	\$856.37	\$984.83	\$984.83	\$984.83
450 Gal - outside the city	\$225.24	\$259.02	\$297.86	\$342.54	\$393.92	\$393.92	\$393.92
300 Gal - outside the city	\$182.32	\$209.72	\$241.58	\$277.82	\$319.49	\$319.49	\$319.49

**Table 22 – Analysis of Rate per Gallon – Accelerated Scenario**

Description	Gallons per Month	Rate per Gallon						
		From Previous Cost of Service Study				Proposed	Proposed	Proposed
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>								
1 ea. 65 gallon	281	\$0.13	\$0.15	\$0.17	\$0.20	\$0.23	\$0.23	\$0.23
1 ea. 95 gallon	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.20	\$0.20	\$0.20
1 ea. 95 and 1 ea. 65 gallon	693	\$0.11	\$0.13	\$0.16	\$0.18	\$0.21	\$0.21	\$0.21
2 ea. 95 gallon	823	\$0.11	\$0.12	\$0.14	\$0.16	\$0.18	\$0.18	\$0.18
Extra 65 gallon	281	\$0.11	\$0.13	\$0.15	\$0.17	\$0.20	\$0.20	\$0.20
Extra 95 gallon	411	\$0.10	\$0.11	\$0.13	\$0.15	\$0.17	\$0.17	\$0.17
1 ea. 65 gallon - Outside City	281	\$0.26	\$0.30	\$0.35	\$0.40	\$0.46	\$0.46	\$0.46
1 ea. 95 gallon - Outside City	411	\$0.23	\$0.26	\$0.30	\$0.35	\$0.40	\$0.40	\$0.40
Extra 65 gallon - Outside City	281	\$0.22	\$0.26	\$0.30	\$0.34	\$0.39	\$0.39	\$0.39
Extra 95 gallon - Outside City	411	\$0.19	\$0.22	\$0.26	\$0.30	\$0.34	\$0.34	\$0.34
<b>Commercial</b>								
65 Gal 1 Coll per Wk	281	\$0.13	\$0.14	\$0.17	\$0.19	\$0.22	\$0.22	\$0.22
65 Gal 2 Coll per Wk	563	\$0.13	\$0.14	\$0.17	\$0.19	\$0.22	\$0.22	\$0.22
65 Gal 3 Coll per Wk	844	\$0.13	\$0.14	\$0.17	\$0.19	\$0.22	\$0.22	\$0.22
95 Gal 1 Coll Per Wk	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.19	\$0.19
95 Gal 2 Coll Per Wk	823	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.19	\$0.19
95 Gal 3 Coll Per Wk	1,234	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.19	\$0.19
95 Gal 4 Coll Per Wk	1,645	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.19	\$0.19
95 Gal 5 Coll Per Wk	2,057	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.19	\$0.19
300 Gal 1 Coll Per Wk	1,299	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 2 Coll Per Wk	2,598	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 3 Coll Per Wk	3,897	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 4 Coll Per Wk	5,196	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 5 Coll Per Wk	6,495	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
450 Gal 1 Coll Per Wk	1,949	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.10	\$0.10
450 Gal 2 Coll Per Wk	3,897	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.10	\$0.10
450 Gal 3 Coll Per Wk	5,846	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.10	\$0.10
450 Gal 4 Coll Per Wk	7,794	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.10	\$0.10
450 Gal 5 Coll Per Wk	9,743	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	\$0.10	\$0.10
450 Gal - outside the city	1,949	\$0.12	\$0.13	\$0.15	\$0.18	\$0.20	\$0.20	\$0.20
300 Gal - outside the city	1,299	\$0.14	\$0.16	\$0.19	\$0.21	\$0.25	\$0.25	\$0.25

**7.5 Revenue Reconciliation – Accelerated Scenario**

Table 25 on the following page extends each of the proposed rates in the Accelerated Scenario by the number of containers at each level of service to arrive at the total rate revenue for each of the fiscal years 2027 through 2030. Each of the total rate revenue amounts in Table 25 correspond to the collection rate revenue amount in Table 17. This demonstrates that the proposed rates in the Accelerated Scenario will generate the projected collection rate revenue needed to the produce the operating results needed to achieve the debt service coverage ratios in the Accelerated Scenario.

**Table 23 – Collection Rate Revenue Reconciliation – Accelerated Scenario**

Description	FY 2027			FY 2028			FY 2029			FY 2030		
	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue
<b>Residential</b>												
1 ea. 65 gallon	3,038	\$56.22	\$2,050	3,054	\$64.65	\$2,369	3,069	\$64.65	\$2,381	3,084	\$64.65	\$2,393
1 ea. 95 gallon	5,713	\$71.43	\$4,897	5,742	\$82.14	\$5,659	5,770	\$82.14	\$5,688	5,799	\$82.14	\$5,716
1 ea. 95 and 1 ea. 65 gallon	0	\$127.65	\$0	0	\$146.80	\$0	0	\$146.80	\$0	0	\$146.80	\$0
2 ea. 95 gallon	0	\$132.14	\$0	0	\$151.96	\$0	0	\$151.96	\$0	0	\$151.96	\$0
Extra 65 gallon	41	\$47.79	\$24	41	\$54.96	\$27	41	\$54.96	\$27	42	\$54.96	\$27
Extra 95 gallon	362	\$60.71	\$264	364	\$69.82	\$305	366	\$69.82	\$307	368	\$69.82	\$308
1 ea. 65 gallon - Outside	3	\$112.30	\$4	3	\$129.15	\$5	3	\$129.15	\$5	3	\$129.15	\$5
1 ea. 95 gallon - Outside	6	\$142.65	\$10	6	\$164.05	\$12	6	\$164.05	\$12	6	\$164.05	\$12
Extra 65 gallon - Outside	1	\$95.59	\$1	1	\$109.93	\$1	1	\$109.93	\$1	1	\$109.93	\$1
Extra 95 gallon - Outside	1	\$121.42	\$1	1	\$139.63	\$2	1	\$139.63	\$2	1	\$139.63	\$2
Subtotal - Residential			\$7,251			\$8,380			\$8,422			\$8,464
<b>Commercial</b>												
65 Gal 1 Coll per Wk	0	\$53.68	\$21	0	\$61.73	\$24	0	\$61.73	\$24	0	\$61.73	\$24
65 Gal 2 Coll per Wk	0	\$107.36	\$125	0	\$123.46	\$144	0	\$123.46	\$144	0	\$123.46	\$144
65 Gal 3 Coll per Wk	0	\$161.05	\$4	0	\$185.21	\$4	0	\$185.21	\$4	0	\$185.21	\$4
95 Gal 1 Coll Per Wk	0	\$69.08	157	0	\$79.44	181	0	\$79.44	182	0	\$79.44	183
95 Gal 2 Coll Per Wk	0	\$138.16	414	0	\$158.88	479	0	\$158.88	480	0	\$158.88	482
95 Gal 3 Coll Per Wk	0	\$207.24	17	0	\$238.33	20	0	\$238.33	20	0	\$238.33	20
95 Gal 4 Coll Per Wk	0	\$276.18	7	0	\$317.61	8	0	\$317.61	8	0	\$317.61	8
95 Gal 5 Coll Per Wk	0	\$345.40	8	0	\$397.21	10	0	\$397.21	10	0	\$397.21	10
300 Gal 1 Coll Per Wk	0	\$138.91	262	0	\$159.75	303	0	\$159.75	305	0	\$159.75	307
300 Gal 2 Coll Per Wk	0	\$277.83	932	0	\$319.50	1,075	0	\$319.50	1,079	0	\$319.50	1,085
300 Gal 3 Coll Per Wk	0	\$416.74	450	0	\$479.25	518	0	\$479.25	518	0	\$479.25	518
300 Gal 4 Coll Per Wk	0	\$555.66	34	0	\$639.01	39	0	\$639.01	41	0	\$639.01	40
300 Gal 5 Coll Per Wk	0	\$694.57	357	0	\$798.76	411	0	\$798.76	284	0	\$798.76	284
450 Gal 1 Coll Per Wk	0	\$171.27	202	0	\$196.96	232	0	\$196.96	232	0	\$196.96	232
450 Gal 2 Coll Per Wk	0	\$342.55	1,435	0	\$393.93	1,659	0	\$393.93	1,669	0	\$393.93	1,678
450 Gal 3 Coll Per Wk	0	\$513.82	937	0	\$590.89	1,085	0	\$590.89	1,092	0	\$590.89	1,099
450 Gal 4 Coll Per Wk	0	\$685.10	132	0	\$787.87	151	0	\$787.87	151	0	\$787.87	151
450 Gal 5 Coll Per Wk	0	\$856.37	370	0	\$984.83	425	0	\$984.83	425	0	\$984.83	425
450 Gal - Outside	0	\$342.54	16	0	\$393.92	19	0	\$393.92	19	0	\$393.92	19
300 Gal - Outside	0	\$277.82	7	0	\$319.49	8	0	\$319.49	8	0	\$319.49	8
Subtotal - Commercial			\$5,885			\$6,794			\$6,694			\$6,720
Total Rate Revenue			\$13,137			\$15,174			\$15,116			\$15,184

Annual Revenue in 000s

## 8 Financial Plan and Cost of Service Analysis – Moderate Scenario

### 8.1 Overview – Moderate Scenario

Under the Moderate Scenario, the City would implement the previously approved 15 percent rate adjustment effective July 1, 2026, followed by two additional rate adjustments of 8 percent effective July 1, 2027, and 7 percent effective July 1, 2028. Thereafter, no further collection rate increases would be implemented.

This scenario represents a balanced approach that moderates near-term rate impacts while still restoring the financial health of the solid waste enterprise fund over time. Operating margins improve more gradually than under the Accelerated Scenario, but the utility ultimately achieves positive operating results, increasing cash balances, and improved debt service coverage.

The Moderate Scenario reduces financial risk while spreading rate increases over multiple years, providing a compromise between financial recovery speed and customer affordability.

### 8.2 Proposed Collection Rates – Moderate Scenario

Table 25 below shows the proposed rates under the Moderate Scenario. Under this scenario, the 15% across the board rate adjustment scheduled for July 1, 2026, would continue to be implemented. However, instead of the 3% rate adjustment scheduled for July 1, 2027, rates would be adjusted by 8% effective July 1, 2027, and by 7% effective July 1, 2028. Thereafter, rates would not be adjusted.

**Table 24 – Proposed Collection Rates – Moderate Scenario**

Effective Date	July-23	July-24	July-25	July-26	July-27	July-28	July-29
Rates Effective During	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
65 - Gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$60.72	\$64.97	\$64.97
Percent Increase		15.0%	15.0%	15.0%	8.0%	7.0%	0.0%
95 - Gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$77.14	\$82.54	\$82.54
Percent Increase		15.0%	15.0%	15.0%	8.0%	7.0%	0.0%
<b>Commercial</b>							
300 - Gallon	\$91.34	\$105.04	\$120.79	\$138.91	\$150.02	\$160.52	\$160.52
Percent Increase		15.0%	15.0%	15.0%	8.0%	7.0%	0.0%
450 - Gallon	\$112.62	\$129.51	\$148.93	\$171.27	\$184.97	\$197.92	\$197.92
Percent Increase		15.0%	15.0%	15.0%	8.0%	7.0%	0.0%

### 8.3 Projected Operating Results and Financial Condition – Moderate Scenario

Table 26 on the following page shows the operating results for the utility’s collection operations. Table 27 further on the following page shows the operating results for the utility’s landfill operations, and Table 28 further below on the following page shows the utility’s operating results for the collection and landfill operations combined.

**Table 25 – Operating Results – Collection – Moderate Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Rate Revenue	\$8,568	\$ 9,837	\$ 11,400	\$ 13,137	\$ 14,251	\$ 15,190	\$ 15,259	\$ 15,334
Other Revenue	92	147	148	149	150	150	151	152
<b>Total Revenue</b>	<b>\$8,660</b>	<b>\$9,984</b>	<b>\$11,548</b>	<b>\$13,286</b>	<b>\$14,401</b>	<b>\$15,340</b>	<b>\$15,410</b>	<b>\$15,486</b>
Expenses	7,557	8,670	8,706	8,971	8,898	9,177	9,407	9,283
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Expenses</b>	<b>\$10,137</b>	<b>\$11,277</b>	<b>\$11,436</b>	<b>\$11,826</b>	<b>\$11,879</b>	<b>\$12,285</b>	<b>\$12,644</b>	<b>\$12,649</b>
Surplus / (Shortfall)	(\$1,477)	(\$1,293)	\$112	\$1,460	\$2,522	\$3,055	\$2,766	\$2,837

(in 000s)

**Table 26 – Operating Results – Landfill - Moderate Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$2,325	\$2,650	\$2,730	\$2,825	\$2,921	\$3,017	\$3,115	\$3,213
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Revenue</b>	<b>\$4,906</b>	<b>\$5,257</b>	<b>\$5,461</b>	<b>\$5,680</b>	<b>\$5,902</b>	<b>\$6,126</b>	<b>\$6,351</b>	<b>\$6,579</b>
Expenses	\$6,055	\$5,170	\$5,335	\$5,950	\$6,221	\$6,341	\$6,424	\$6,807
Surplus / (Shortfall)	(\$1,149)	\$87	\$126	(\$270)	(\$319)	(\$215)	(\$73)	(\$228)

(in 000s)

**Table 27 – Operating Results – Combined - Moderate Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$10,985	\$ 12,635	\$ 14,278	\$ 16,110	\$ 17,321	\$ 18,358	\$ 18,525	\$ 18,699
Expenses	\$13,613	\$13,839	\$14,041	\$14,921	\$15,118	\$15,518	\$15,831	\$16,089
Income / (Loss)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$2,203	\$2,840	\$2,694	\$2,610

(in 000s) \*Excludes Intra-city Disposal

Table 29 below shows the projected changes in operating cash under the Moderate Scenario. Operating cash balances improve gradually as rate increases are phased in over multiple years. Initial cash deficits are reduced and eventually eliminated, with cash balances trending upward as operating revenues begin to consistently exceed expenses.

Although cash recovery occurs more slowly than under the Accelerated Scenario, the Moderate Scenario results in a steady rebuilding of operating cash reserves over time. This approach improves financial stability while moderating near-term impacts to ratepayers, but it delays the restoration of stronger liquidity relative to the Accelerated Scenario.

**Table 28 – Changes in Cash – Moderate Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Cash	\$482	(\$1,219)	(\$1,624)	(\$1,312)	(\$122)	\$2,080	\$4,920	\$7,614
Surplus/(Shortfall)	(2,627)	(1,205)	237	1,189	2,202	2,840	2,694	2,609
Temp Loans from (to) Water Fund	5,986	0	(7,100)	0	0	0	0	0
Rate-Funded Cap-Ex	(103)	(579)	0	0	0	0	0	0
Cap-Ex - Landfill Stormwater	(5,935)	(810)	0	0	0	0	0	0
Proceeds from Bond Financing	0	0	7,175	0	0	0	0	0
Other Changes to Cash	\$978	\$2,190	\$0	\$0	\$0	\$0	\$0	\$0
Ending Cash	(\$1,219)	(\$1,624)	(\$1,312)	(\$123)	\$2,080	\$4,920	\$7,614	\$10,223

(in 000s)

Table 30 below shows the projected debt service coverage ratios under the Moderate Scenario. Under this scenario, the utility’s projected debt service coverage ratios are expected to increase to 0.5 by the end of fiscal 2027 and then improve steadily, reaching levels generally consistent with minimum lender requirements later in the projection period.

**Table 29 – Debt Service Coverage Ratio – Moderate Scenario**

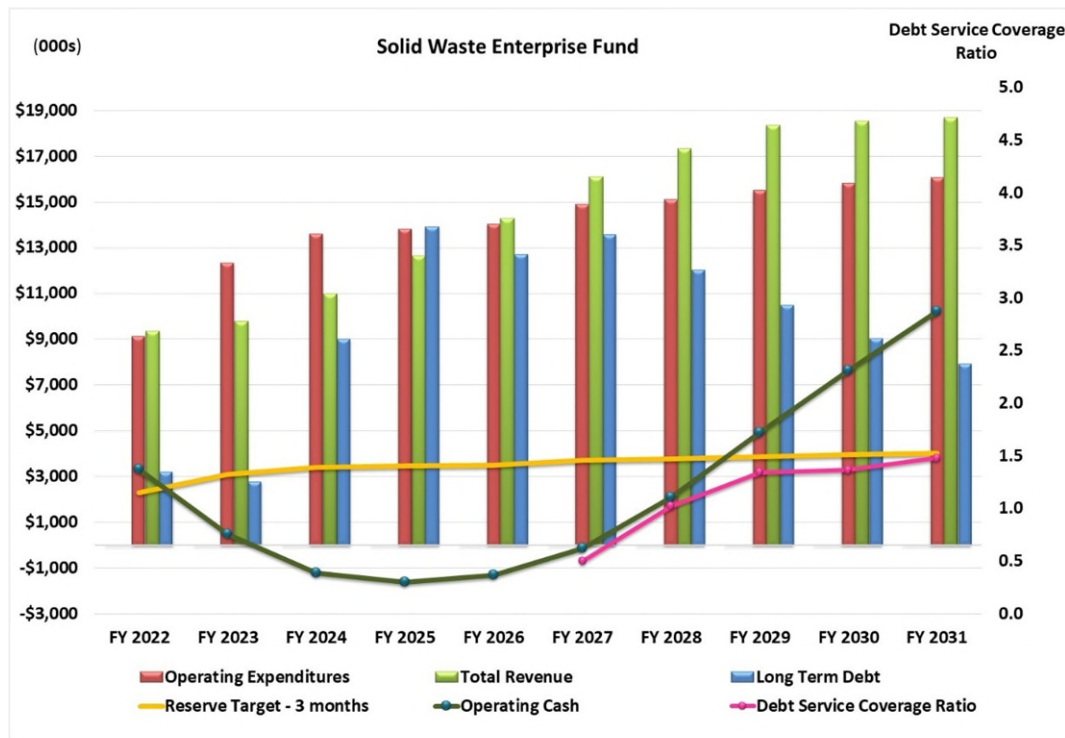
Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Surplus/(Shortfall)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$2,203	\$2,840	\$2,694	\$2,610
Debt Service	\$1,196	\$1,611	\$1,914	\$2,379	\$2,150	\$2,113	\$1,972	\$1,760
Debt Service Coverage Ratio			0.1	0.5	1.0	1.3	1.4	1.5

(in 000s)

Chart 3 on the following page shows the utility’s operating performance and financial condition under the Moderate Scenario. The chart shows operating revenues increasing relative to expenses over a longer period as rate adjustments are phased in, resulting in a gradual transition from operating shortfalls to operating surpluses.

Under this scenario, operating cash balances improve steadily but at a slower pace than under the Accelerated Scenario, reflecting the more gradual revenue growth. Outstanding long-term debt declines over time, and the debt service coverage ratio increases incrementally, reaching levels consistent with minimum lender expectations later in the projection period. The chart demonstrates a balanced path toward improved financial stability while moderating near-term rate impacts.

**Chart 3 – Operating Performance and Financial Condition – Moderate Scenario**



#### 8.4 Analysis of Cost of Service – Moderate Scenario

Table 31 and Table 32 on the following pages collectively analyze the cost of service of the rates proposed in the Moderate Scenario. Table 31 lists all the utility’s monthly collection rates from the previous study, and under the proposed Moderate Scenario. For each of the rates for each level of service in Table 31, Table 32 calculates the rate per gallon.

The 2023 cost of service study determined that larger containers benefit from economies of scale associated with higher service volumes and therefore exhibit lower costs per gallon. Uniform rate adjustments applied since fiscal 2024, and under each proposed scenario, preserve these relationships. The rate-per-gallon results remain internally consistent across service levels, indicating that the proposed rates continue to reflect the proportional cost of service attributable to each level of service.

**Table 30 – Schedule of Collection Rates – Moderate Scenario**

Description	Monthly Rates						
	From Previous Cost of Service Study				Proposed	Proposed	Proposed
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
1 ea. 65 gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$60.72	\$64.97	\$64.97
1 ea. 95 gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$77.14	\$82.54	\$82.54
1 ea. 95 and 1 ea. 65 gallon	\$78.38	\$90.15	\$111.00	\$127.65	\$137.86	\$147.51	\$147.51
2 ea. 95 gallon	\$86.88	\$99.92	\$114.90	\$132.14	\$142.71	\$152.70	\$152.70
Extra 65 gallon	\$31.42	\$36.14	\$41.56	\$47.79	\$51.61	\$55.22	\$55.22
Extra 95 gallon	\$39.92	\$45.91	\$52.79	\$60.71	\$65.57	\$70.16	\$70.16
1 ea. 65 gallon - Outside City	\$73.94	\$85.02	\$97.65	\$112.30	\$121.28	\$129.77	\$129.77
1 ea. 95 gallon - Outside City	\$93.92	\$108.02	\$124.04	\$142.65	\$154.06	\$164.84	\$164.84
Extra 65 gallon - Outside City	\$62.84	\$72.28	\$83.12	\$95.59	\$103.24	\$110.47	\$110.47
Extra 95 gallon - Outside City	\$79.84	\$91.82	\$105.58	\$121.42	\$131.13	\$140.31	\$140.31
<b>Commercial</b>							
65 Gal 1 Coll per Wk	\$35.56	\$40.59	\$46.68	\$53.68	\$57.97	\$62.03	\$62.03
65 Gal 2 Coll per Wk	\$70.83	\$81.18	\$93.36	\$107.36	\$115.95	\$124.07	\$124.07
65 Gal 3 Coll per Wk	\$106.11	\$121.77	\$140.04	\$161.05	\$173.93	\$186.11	\$186.11
95 Gal 1 Coll Per Wk	\$45.42	\$52.23	\$60.07	\$69.08	\$74.61	\$79.83	\$79.83
95 Gal 2 Coll Per Wk	\$90.84	\$104.47	\$120.14	\$138.16	\$149.21	\$159.65	\$159.65
95 Gal 3 Coll Per Wk	\$136.26	\$156.70	\$180.21	\$207.24	\$223.82	\$239.49	\$239.49
95 Gal 4 Coll Per Wk	\$181.69	\$208.94	\$240.15	\$276.18	\$298.27	\$319.15	\$319.15
95 Gal 5 Coll Per Wk	\$227.11	\$261.17	\$300.35	\$345.40	\$373.03	\$399.14	\$399.14
300 Gal 1 Coll Per Wk	\$91.34	\$105.04	\$120.79	\$138.91	\$150.02	\$160.52	\$160.52
300 Gal 2 Coll Per Wk	\$182.68	\$210.08	\$241.59	\$277.83	\$300.06	\$321.06	\$321.06
300 Gal 3 Coll Per Wk	\$274.01	\$315.12	\$362.38	\$416.74	\$450.08	\$481.59	\$481.59
300 Gal 4 Coll Per Wk	\$365.35	\$420.15	\$483.18	\$555.66	\$600.11	\$642.12	\$642.12
300 Gal 5 Coll Per Wk	\$456.69	\$525.19	\$603.97	\$694.57	\$750.14	\$802.65	\$802.65
450 Gal 1 Coll Per Wk	\$112.62	\$129.51	\$148.93	\$171.27	\$184.97	\$197.92	\$197.92
450 Gal 2 Coll Per Wk	\$225.23	\$259.02	\$297.87	\$342.55	\$369.95	\$395.85	\$395.85
450 Gal 3 Coll Per Wk	\$337.85	\$388.52	\$446.80	\$513.82	\$554.93	\$593.78	\$593.78
450 Gal 4 Coll Per Wk	\$450.46	\$518.03	\$595.74	\$685.10	\$739.91	\$791.70	\$791.70
450 Gal 5 Coll Per Wk	\$563.08	\$647.54	\$744.67	\$856.37	\$924.88	\$989.62	\$989.62
450 Gal - outside the city	\$225.24	\$259.02	\$297.86	\$342.54	\$369.94	\$395.84	\$395.84
300 Gal - outside the city	\$182.32	\$209.72	\$241.58	\$277.82	\$300.05	\$321.05	\$321.05

**Table 31 – Analysis of Rate per Gallon – Moderate Scenario**

Description	Gallons per Month	Rate per Gallon						
		From Previous Cost of Service Study				Proposed	Proposed	Proposed
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>								
1 ea. 65 gallon	281	\$0.13	\$0.15	\$0.17	\$0.20	\$0.22	\$0.23	\$0.23
1 ea. 95 gallon	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.20	\$0.20
1 ea. 95 and 1 ea. 65 gallon	693	\$0.11	\$0.13	\$0.16	\$0.18	\$0.20	\$0.21	\$0.21
2 ea. 95 gallon	823	\$0.11	\$0.12	\$0.14	\$0.16	\$0.17	\$0.19	\$0.19
Extra 65 gallon	281	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.20	\$0.20
Extra 95 gallon	411	\$0.10	\$0.11	\$0.13	\$0.15	\$0.16	\$0.17	\$0.17
1 ea. 65 gallon - Outside City	281	\$0.26	\$0.30	\$0.35	\$0.40	\$0.43	\$0.46	\$0.46
1 ea. 95 gallon - Outside City	411	\$0.23	\$0.26	\$0.30	\$0.35	\$0.37	\$0.40	\$0.40
Extra 65 gallon - Outside City	281	\$0.22	\$0.26	\$0.30	\$0.34	\$0.37	\$0.39	\$0.39
Extra 95 gallon - Outside City	411	\$0.19	\$0.22	\$0.26	\$0.30	\$0.32	\$0.34	\$0.34
<b>Commercial</b>								
65 Gal 1 Coll per Wk	281	\$0.13	\$0.14	\$0.17	\$0.19	\$0.21	\$0.22	\$0.22
65 Gal 2 Coll per Wk	563	\$0.13	\$0.14	\$0.17	\$0.19	\$0.21	\$0.22	\$0.22
65 Gal 3 Coll per Wk	844	\$0.13	\$0.14	\$0.17	\$0.19	\$0.21	\$0.22	\$0.22
95 Gal 1 Coll Per Wk	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 2 Coll Per Wk	823	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 3 Coll Per Wk	1,234	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 4 Coll Per Wk	1,645	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 5 Coll Per Wk	2,057	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
300 Gal 1 Coll Per Wk	1,299	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 2 Coll Per Wk	2,598	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 3 Coll Per Wk	3,897	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 4 Coll Per Wk	5,196	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
300 Gal 5 Coll Per Wk	6,495	\$0.07	\$0.08	\$0.09	\$0.11	\$0.12	\$0.12	\$0.12
450 Gal 1 Coll Per Wk	1,949	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 2 Coll Per Wk	3,897	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 3 Coll Per Wk	5,846	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 4 Coll Per Wk	7,794	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 5 Coll Per Wk	9,743	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal - outside the city	1,949	\$0.12	\$0.13	\$0.15	\$0.18	\$0.19	\$0.20	\$0.20
300 Gal - outside the city	1,299	\$0.14	\$0.16	\$0.19	\$0.21	\$0.23	\$0.25	\$0.25

**8.5 Revenue Reconciliation – Moderate Scenario**

Table 33 on the following page extends each of the proposed rates in the Moderate Scenario by the number of containers at each level of service to arrive at the total rate revenue for each of the fiscal years 2027 through 2030. Each of the total rate revenue amounts in Table 33 correspond to the collection rate revenue amount in Table 26. This demonstrates that the proposed rates in the Moderate Scenario will generate the projected collection rate revenue needed to the produce the operating results needed to achieve the debt service coverage ratios in the Moderate Scenario.

**Table 32 – Collection Rate Revenue Reconciliation – Moderate Scenario**

Description	FY 2027			FY 2028			FY 2029			FY 2030		
	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue
<b>Residential</b>												
1 ea. 65 gallon	3,038	\$56.22	\$2,050	3,054	\$60.72	\$2,225	3,069	\$64.97	\$2,393	3,084	\$64.97	\$2,405
1 ea. 95 gallon	5,713	\$71.43	\$4,897	5,742	\$77.14	\$5,315	5,770	\$82.54	\$5,715	5,799	\$82.54	\$5,744
1 ea. 95 and 1 ea. 65 gallon	0	\$127.65	\$0	0	\$137.86	\$0	0	\$147.51	\$0	0	\$147.51	\$0
2 ea. 95 gallon	0	\$132.14	\$0	0	\$142.71	\$0	0	\$152.70	\$0	0	\$152.70	\$0
Extra 65 gallon	41	\$47.79	\$24	41	\$51.61	\$26	41	\$55.22	\$27	42	\$55.22	\$28
Extra 95 gallon	362	\$60.71	\$264	364	\$65.57	\$286	366	\$70.16	\$308	368	\$70.16	\$310
1 ea. 65 gallon - Outside	3	\$112.30	\$4	3	\$121.28	\$4	3	\$129.77	\$5	3	\$129.77	\$5
1 ea. 95 gallon - Outside	6	\$142.65	\$10	6	\$154.06	\$11	6	\$164.84	\$12	6	\$164.84	\$12
Extra 65 gallon - Outside	1	\$95.59	\$1	1	\$103.24	\$1	1	\$110.47	\$1	1	\$110.47	\$1
Extra 95 gallon - Outside	1	\$121.42	\$1	1	\$131.13	\$2	1	\$140.31	\$2	1	\$140.31	\$2
Subtotal - Residential			\$7,251			\$7,870			\$8,463			\$8,506
<b>Commercial</b>												
65 Gal 1 Coll per Wk	0	\$53.68	\$21	0	\$57.97	\$22	0	\$62.03	\$24	0	\$62.03	\$24
65 Gal 2 Coll per Wk	0	\$107.36	\$125	0	\$115.95	\$135	0	\$124.07	\$144	0	\$124.07	\$144
65 Gal 3 Coll per Wk	0	\$161.05	\$4	0	\$173.93	\$4	0	\$186.11	\$4	0	\$186.11	\$4
95 Gal 1 Coll Per Wk	0	\$69.08	157	0	\$74.61	170	0	\$79.83	183	0	\$79.83	184
95 Gal 2 Coll Per Wk	0	\$138.16	414	0	\$149.21	449	0	\$159.65	483	0	\$159.65	485
95 Gal 3 Coll Per Wk	0	\$207.24	17	0	\$223.82	19	0	\$239.49	20	0	\$239.49	20
95 Gal 4 Coll Per Wk	0	\$276.18	7	0	\$298.27	7	0	\$319.15	8	0	\$319.15	8
95 Gal 5 Coll Per Wk	0	\$345.40	8	0	\$373.03	9	0	\$399.14	10	0	\$399.14	10
300 Gal 1 Coll Per Wk	0	\$138.91	262	0	\$150.02	284	0	\$160.52	306	0	\$160.52	308
300 Gal 2 Coll Per Wk	0	\$277.83	932	0	\$300.06	1,010	0	\$321.06	1,084	0	\$321.06	1,090
300 Gal 3 Coll Per Wk	0	\$416.74	450	0	\$450.08	486	0	\$481.59	520	0	\$481.59	520
300 Gal 4 Coll Per Wk	0	\$555.66	34	0	\$600.11	37	0	\$642.12	41	0	\$642.12	40
300 Gal 5 Coll Per Wk	0	\$694.57	357	0	\$750.14	386	0	\$802.65	286	0	\$802.65	286
450 Gal 1 Coll Per Wk	0	\$171.27	202	0	\$184.97	218	0	\$197.92	233	0	\$197.92	233
450 Gal 2 Coll Per Wk	0	\$342.55	1,435	0	\$369.95	1,558	0	\$395.85	1,677	0	\$395.85	1,686
450 Gal 3 Coll Per Wk	0	\$513.82	937	0	\$554.93	1,019	0	\$593.78	1,097	0	\$593.78	1,104
450 Gal 4 Coll Per Wk	0	\$685.10	132	0	\$739.91	142	0	\$791.70	152	0	\$791.70	152
450 Gal 5 Coll Per Wk	0	\$856.37	370	0	\$924.88	400	0	\$989.62	428	0	\$989.62	428
450 Gal - Outside	0	\$342.54	16	0	\$369.94	18	0	\$395.84	19	0	\$395.84	19
300 Gal - Outside	0	\$277.82	7	0	\$300.05	7	0	\$321.05	8	0	\$321.05	8
Subtotal - Commercial			\$5,885			\$6,380			\$6,727			\$6,753
<b>Total Rate Revenue</b>			<b>\$13,137</b>			<b>\$14,251</b>			<b>\$15,190</b>			<b>\$15,259</b>

Annual Revenue in 000s

## 9 Financial Plan and Cost of Service Analysis – Gradual Scenario

### 9.1 Overview – Gradual Scenario

Under the Gradual Scenario, the City would continue the previously approved 15 percent rate adjustment effective July 1, 2026, followed by three consecutive annual rate adjustments of 5 percent effective July 1, 2027, 2028, and 2029. No further collection rate increases would be implemented thereafter.

This scenario spreads rate increases over a longer period, resulting in the lowest near-term impact on customers. However, financial recovery occurs more slowly, and improvements in cash balances and debt service coverage are deferred relative to the other scenarios.

While the Gradual Scenario improves the utility’s financial condition over time, it provides a slower path to restoring creditworthiness and may limit the City’s ability to qualify for external financing in the near term.

### 9.2 Proposed Collection Rates – Gradual Scenario

Table 34 below shows the proposed rates under the Gradual Scenario. Under this scenario, the 15% across the board rate adjustment scheduled for July 1, 2026, would continue to be implemented. However, instead of the 3% rate adjustment scheduled for July 1, 2027, rates would be adjusted by 5% effective each July 1<sup>st</sup> in 2028, 2029 and 2030. Thereafter, rates would not be adjusted.

**Table 33 – Proposed Collection Rates – Gradual Scenario**

Effective Date	July-23	July-24	July-25	July-26	July-27	July-28	July-29
Rates Effective During	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
65 - Gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$59.03	\$61.98	\$65.08
Percent Increase		15.0%	15.0%	15.0%	5.0%	5.0%	5.0%
95 - Gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$75.00	\$78.75	\$82.69
Percent Increase		15.0%	15.0%	15.0%	5.0%	5.0%	5.0%
<b>Commercial</b>							
300 - Gallon	\$91.34	\$105.04	\$120.79	\$138.91	\$145.86	\$153.15	\$160.81
Percent Increase		15.0%	15.0%	15.0%	5.0%	5.0%	5.0%
450 - Gallon	\$112.62	\$129.51	\$148.93	\$171.27	\$179.83	\$188.82	\$198.26
Percent Increase		15.0%	15.0%	15.0%	5.0%	5.0%	5.0%

### 9.3 Projected Operating Results and Financial Condition – Gradual Scenario

Table 35 on the following page shows the operating results for the utility’s collection operations. Table 36 further on the following page shows the operating results for the utility’s landfill operations, and Table 37 further below on the following page shows the utility’s operating results for the collection and landfill operations combined.

**Table 34 – Operating Results – Collection – Gradual Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Rate Revenue	\$8,568	\$ 9,837	\$ 11,400	\$ 13,137	\$ 13,855	\$ 14,492	\$ 15,286	\$ 15,361
Other Revenue	92	147	148	149	150	150	151	152
<b>Total Revenue</b>	<b>\$8,660</b>	<b>\$9,984</b>	<b>\$11,548</b>	<b>\$13,286</b>	<b>\$14,005</b>	<b>\$14,642</b>	<b>\$15,437</b>	<b>\$15,513</b>
Expenses	7,557	8,670	8,706	8,971	8,898	9,177	9,407	9,283
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Expenses</b>	<b>\$10,137</b>	<b>\$11,277</b>	<b>\$11,436</b>	<b>\$11,826</b>	<b>\$11,879</b>	<b>\$12,285</b>	<b>\$12,644</b>	<b>\$12,649</b>
Surplus / (Shortfall)	(\$1,477)	(\$1,293)	\$112	\$1,460	\$2,126	\$2,357	\$2,793	\$2,864

(in 000s)

**Table 35 – Operating Results – Landfill - Gradual Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$2,325	\$2,650	\$2,730	\$2,825	\$2,921	\$3,017	\$3,115	\$3,213
Intra-City Disposal	2,580	2,607	2,730	2,855	2,981	3,108	3,237	3,366
<b>Total Revenue</b>	<b>\$4,906</b>	<b>\$5,257</b>	<b>\$5,461</b>	<b>\$5,680</b>	<b>\$5,902</b>	<b>\$6,126</b>	<b>\$6,351</b>	<b>\$6,579</b>
Expenses	\$6,055	\$5,170	\$5,335	\$5,950	\$6,221	\$6,341	\$6,424	\$6,807
Surplus / (Shortfall)	(\$1,149)	\$87	\$126	(\$270)	(\$319)	(\$215)	(\$73)	(\$228)

(in 000s)

**Table 36 – Operating Results – Combined - Gradual Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenue	\$10,985	\$ 12,635	\$ 14,278	\$ 16,110	\$ 16,925	\$ 17,660	\$ 18,552	\$ 18,726
Expenses	\$13,613	\$13,839	\$14,041	\$14,921	\$15,118	\$15,518	\$15,831	\$16,089
Income / (Loss)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$1,807	\$2,142	\$2,721	\$2,637

(in 000s) \*Excludes Intra-city Disposal

Table 38 below shows the projected changes in operating cash under the Gradual Scenario. Cash balances improve incrementally as smaller annual rate adjustments are implemented over an extended period. Operating cash deficits persist longer under this scenario, and the accumulation of cash reserves occurs at a slower pace than under the other scenarios.

While the Gradual Scenario ultimately improves the utility’s cash position, operating cash balances remain constrained for much of the projection period. The slower recovery of cash limits near-term financial flexibility and delays achievement of reserve levels typically associated with stronger financial resilience.

**Table 37 – Changes in Cash – Gradual Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Beginning Cash	\$482	(\$1,219)	(\$1,624)	(\$1,312)	(\$122)	\$1,684	\$3,826	\$6,547
Surplus/(Shortfall)	(2,627)	(1,205)	237	1,189	1,807	2,142	2,721	2,636
Temp Loans from (to) Water Fund	5,986	0	(7,100)	0	0	0	0	0
Rate-Funded Cap-Ex	(103)	(579)	0	0	0	0	0	0
Cap-Ex - Landfill Stormwater	(5,935)	(810)	0	0	0	0	0	0
Proceeds from Bond Financing	0	0	7,175	0	0	0	0	0
Other Changes to Cash	\$978	\$2,190	\$0	\$0	\$0	\$0	\$0	\$0
Ending Cash	(\$1,219)	(\$1,624)	(\$1,312)	(\$123)	\$1,685	\$3,826	\$6,547	\$9,183

(in 000s)

Table 39 below shows the projected debt service coverage ratios under the Gradual Scenario. Under this scenario, the utility’s projected debt service coverage ratios improve gradually but remain below levels typically required by lenders for much of the projection period, which may limit near-term financing options.

**Table 38 – Debt Service Coverage Ratio – Gradual Scenario**

Description	Actual				Projected			
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Total Surplus/(Shortfall)	(\$2,628)	(\$1,204)	\$237	\$1,189	\$1,807	\$2,142	\$2,721	\$2,637
Debt Service	\$1,196	\$1,611	\$1,914	\$2,379	\$2,150	\$2,113	\$1,972	\$1,760
Debt Service Coverage Ratio			0.1	0.5	0.8	1.0	1.4	1.5

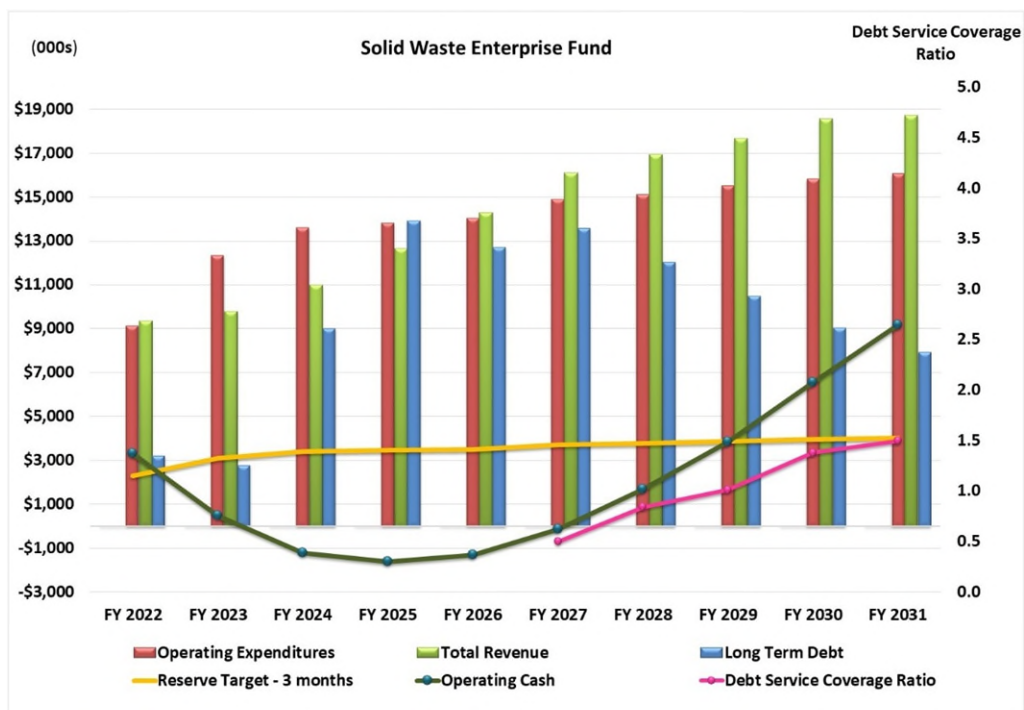
(in 000s)

Chart 4 on the following page presents the utility’s operating performance and financial condition under the Gradual Scenario. The chart shows revenues increasing slowly

relative to expenses as smaller annual rate adjustments are implemented over an extended period. As a result, operating surpluses emerge later in the projection period compared to the other scenarios.

Operating cash balances improve incrementally but remain constrained for much of the analysis period. Although outstanding long-term debt declines over time, the debt service coverage ratio increases gradually and remains below levels typically associated with stronger creditworthiness for much of the projection horizon. The chart illustrates that while the Gradual Scenario improves the utility’s financial condition over time, it does so at a slower pace and with prolonged financial stress.

**Chart 4 – Operating Performance and Financial Condition – Gradual Scenario**



**9.4 Analysis of Cost of Service – Gradual Scenario**

Table 40 and Table 41 on the following pages collectively analyze the cost of service of the rates proposed in the Gradual Scenario. Table 40 lists all the utility’s monthly collection rates from the previous study, and under the proposed Gradual Scenario. For each of the rates for each level of service in Table 40, Table 41 calculates the rate per gallon.

The 2023 cost of service study determined that larger containers benefit from economies of scale associated with higher service volumes and therefore exhibit lower costs per gallon. Uniform rate adjustments applied since fiscal 2024, and under each proposed scenario, preserve these relationships. The rate-per-gallon results remain internally

consistent across service levels, indicating that the proposed rates continue to reflect the proportional cost of service attributable to each level of service.

**Table 39 – Schedule of Collection Rates – Gradual Scenario**

Description	Monthly Rates						
	From Previous Cost of Service Study				Proposed	Proposed	Proposed
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>							
1 ea. 65 gallon	\$36.97	\$42.51	\$48.89	\$56.22	\$59.03	\$61.98	\$65.08
1 ea. 95 gallon	\$46.96	\$54.01	\$62.11	\$71.43	\$75.00	\$78.75	\$82.69
1 ea. 95 and 1 ea. 65 gallon	\$78.38	\$90.15	\$111.00	\$127.65	\$134.03	\$140.73	\$147.77
2 ea. 95 gallon	\$86.88	\$99.92	\$114.90	\$132.14	\$138.75	\$145.69	\$152.97
Extra 65 gallon	\$31.42	\$36.14	\$41.56	\$47.79	\$50.18	\$52.69	\$55.32
Extra 95 gallon	\$39.92	\$45.91	\$52.79	\$60.71	\$63.75	\$66.94	\$70.29
1 ea. 65 gallon - Outside City	\$73.94	\$85.02	\$97.65	\$112.30	\$117.92	\$123.82	\$130.01
1 ea. 95 gallon - Outside City	\$93.92	\$108.02	\$124.04	\$142.65	\$149.78	\$157.27	\$165.13
Extra 65 gallon - Outside City	\$62.84	\$72.28	\$83.12	\$95.59	\$100.37	\$105.39	\$110.66
Extra 95 gallon - Outside City	\$79.84	\$91.82	\$105.58	\$121.42	\$127.49	\$133.86	\$140.55
<b>Commercial</b>							
65 Gal 1 Coll per Wk	\$35.56	\$40.59	\$46.68	\$53.68	\$56.36	\$59.18	\$62.14
65 Gal 2 Coll per Wk	\$70.83	\$81.18	\$93.36	\$107.36	\$112.73	\$118.37	\$124.29
65 Gal 3 Coll per Wk	\$106.11	\$121.77	\$140.04	\$161.05	\$169.10	\$177.56	\$186.44
95 Gal 1 Coll Per Wk	\$45.42	\$52.23	\$60.07	\$69.08	\$72.53	\$76.16	\$79.97
95 Gal 2 Coll Per Wk	\$90.84	\$104.47	\$120.14	\$138.16	\$145.07	\$152.32	\$159.94
95 Gal 3 Coll Per Wk	\$136.26	\$156.70	\$180.21	\$207.24	\$217.60	\$228.48	\$239.90
95 Gal 4 Coll Per Wk	\$181.69	\$208.94	\$240.15	\$276.18	\$289.99	\$304.49	\$319.71
95 Gal 5 Coll Per Wk	\$227.11	\$261.17	\$300.35	\$345.40	\$362.67	\$380.80	\$399.84
300 Gal 1 Coll Per Wk	\$91.34	\$105.04	\$120.79	\$138.91	\$145.86	\$153.15	\$160.81
300 Gal 2 Coll Per Wk	\$182.68	\$210.08	\$241.59	\$277.83	\$291.72	\$306.31	\$321.63
300 Gal 3 Coll Per Wk	\$274.01	\$315.12	\$362.38	\$416.74	\$437.58	\$459.46	\$482.43
300 Gal 4 Coll Per Wk	\$365.35	\$420.15	\$483.18	\$555.66	\$583.44	\$612.61	\$643.24
300 Gal 5 Coll Per Wk	\$456.69	\$525.19	\$603.97	\$694.57	\$729.30	\$765.77	\$804.06
450 Gal 1 Coll Per Wk	\$112.62	\$129.51	\$148.93	\$171.27	\$179.83	\$188.82	\$198.26
450 Gal 2 Coll Per Wk	\$225.23	\$259.02	\$297.87	\$342.55	\$359.68	\$377.66	\$396.54
450 Gal 3 Coll Per Wk	\$337.85	\$388.52	\$446.80	\$513.82	\$539.51	\$566.49	\$594.81
450 Gal 4 Coll Per Wk	\$450.46	\$518.03	\$595.74	\$685.10	\$719.36	\$755.33	\$793.10
450 Gal 5 Coll Per Wk	\$563.08	\$647.54	\$744.67	\$856.37	\$899.19	\$944.15	\$991.36
450 Gal - outside the city	\$225.24	\$259.02	\$297.86	\$342.54	\$359.67	\$377.65	\$396.53
300 Gal - outside the city	\$182.32	\$209.72	\$241.58	\$277.82	\$291.71	\$306.30	\$321.62

**Table 40 – Analysis of Rate per Gallon – Gradual Scenario**

Description	Gallons per Month	Rate per Gallon						
		From Previous Cost of Service Study				Proposed	Proposed	Proposed
		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Residential</b>								
1 ea. 65 gallon	281	\$0.13	\$0.15	\$0.17	\$0.20	\$0.21	\$0.22	\$0.23
1 ea. 95 gallon	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.20
1 ea. 95 and 1 ea. 65 gallon	693	\$0.11	\$0.13	\$0.16	\$0.18	\$0.19	\$0.20	\$0.21
2 ea. 95 gallon	823	\$0.11	\$0.12	\$0.14	\$0.16	\$0.17	\$0.18	\$0.19
Extra 65 gallon	281	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.20
Extra 95 gallon	411	\$0.10	\$0.11	\$0.13	\$0.15	\$0.16	\$0.16	\$0.17
1 ea. 65 gallon - Outside City	281	\$0.26	\$0.30	\$0.35	\$0.40	\$0.42	\$0.44	\$0.46
1 ea. 95 gallon - Outside City	411	\$0.23	\$0.26	\$0.30	\$0.35	\$0.36	\$0.38	\$0.40
Extra 65 gallon - Outside City	281	\$0.22	\$0.26	\$0.30	\$0.34	\$0.36	\$0.38	\$0.39
Extra 95 gallon - Outside City	411	\$0.19	\$0.22	\$0.26	\$0.30	\$0.31	\$0.33	\$0.34
<b>Commercial</b>								
65 Gal 1 Coll per Wk	281	\$0.13	\$0.14	\$0.17	\$0.19	\$0.20	\$0.21	\$0.22
65 Gal 2 Coll per Wk	563	\$0.13	\$0.14	\$0.17	\$0.19	\$0.20	\$0.21	\$0.22
65 Gal 3 Coll per Wk	844	\$0.13	\$0.14	\$0.17	\$0.19	\$0.20	\$0.21	\$0.22
95 Gal 1 Coll Per Wk	411	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 2 Coll Per Wk	823	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 3 Coll Per Wk	1,234	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 4 Coll Per Wk	1,645	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
95 Gal 5 Coll Per Wk	2,057	\$0.11	\$0.13	\$0.15	\$0.17	\$0.18	\$0.19	\$0.19
300 Gal 1 Coll Per Wk	1,299	\$0.07	\$0.08	\$0.09	\$0.11	\$0.11	\$0.12	\$0.12
300 Gal 2 Coll Per Wk	2,598	\$0.07	\$0.08	\$0.09	\$0.11	\$0.11	\$0.12	\$0.12
300 Gal 3 Coll Per Wk	3,897	\$0.07	\$0.08	\$0.09	\$0.11	\$0.11	\$0.12	\$0.12
300 Gal 4 Coll Per Wk	5,196	\$0.07	\$0.08	\$0.09	\$0.11	\$0.11	\$0.12	\$0.12
300 Gal 5 Coll Per Wk	6,495	\$0.07	\$0.08	\$0.09	\$0.11	\$0.11	\$0.12	\$0.12
450 Gal 1 Coll Per Wk	1,949	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 2 Coll Per Wk	3,897	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 3 Coll Per Wk	5,846	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 4 Coll Per Wk	7,794	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal 5 Coll Per Wk	9,743	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.10	\$0.10
450 Gal - outside the city	1,949	\$0.12	\$0.13	\$0.15	\$0.18	\$0.18	\$0.19	\$0.20
300 Gal - outside the city	1,299	\$0.14	\$0.16	\$0.19	\$0.21	\$0.22	\$0.24	\$0.25

**9.5 Revenue Reconciliation – Gradual Scenario**

Table 42 on the following page extends each of the proposed rates in the Gradual Scenario by the number of containers at each level of service to arrive at the total rate revenue for each of the fiscal years 2027 through 2030. Each of the total rate revenue amounts in Table 42 correspond to the collection rate revenue amount in Table 35. This demonstrates that the proposed rates in the Accelerated Scenario will generate the projected collection rate revenue needed to the produce the operating results needed to achieve the debt service coverage ratios in the Gradual Scenario.

**Table 41 – Collection Rate Revenue Reconciliation – Gradual Scenario**

Description	FY 2027			FY 2028			FY 2029			FY 2030		
	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue	Number of Containers	Monthly Rate	Annual Rate Revenue
<b>Residential</b>												
1 ea. 65 gallon	3,038	\$56.22	\$2,050	3,054	\$59.03	\$2,163	3,069	\$61.98	\$2,282	3,084	\$65.08	\$2,409
1 ea. 95 gallon	5,713	\$71.43	\$4,897	5,742	\$75.00	\$5,167	5,770	\$78.75	\$5,453	5,799	\$82.69	\$5,754
1 ea. 95 and 1 ea. 65 gallon	0	\$127.65	\$0	0	\$134.03	\$0	0	\$140.73	\$0	0	\$147.77	\$0
2 ea. 95 gallon	0	\$132.14	\$0	0	\$138.75	\$0	0	\$145.69	\$0	0	\$152.97	\$0
Extra 65 gallon	41	\$47.79	\$24	41	\$50.18	\$25	41	\$52.69	\$26	42	\$55.32	\$28
Extra 95 gallon	362	\$60.71	\$264	364	\$63.75	\$278	366	\$66.94	\$294	368	\$70.29	\$310
1 ea. 65 gallon - Outside	3	\$112.30	\$4	3	\$117.92	\$4	3	\$123.82	\$5	3	\$130.01	\$5
1 ea. 95 gallon - Outside	6	\$142.65	\$10	6	\$149.78	\$11	6	\$157.27	\$11	6	\$165.13	\$12
Extra 65 gallon - Outside	1	\$95.59	\$1	1	\$100.37	\$1	1	\$105.39	\$1	1	\$110.66	\$1
Extra 95 gallon - Outside	1	\$121.42	\$1	1	\$127.49	\$2	1	\$133.86	\$2	1	\$140.55	\$2
Subtotal - Residential			\$7,251			\$7,652			\$8,074			\$8,521
<b>Commercial</b>												
65 Gal 1 Coll per Wk	0	\$53.68	\$21	0	\$56.36	\$22	0	\$59.18	\$23	0	\$62.14	\$24
65 Gal 2 Coll per Wk	0	\$107.36	\$125	0	\$112.73	\$131	0	\$118.37	\$138	0	\$124.29	\$145
65 Gal 3 Coll per Wk	0	\$161.05	\$4	0	\$169.10	\$4	0	\$177.56	\$4	0	\$186.44	\$4
95 Gal 1 Coll Per Wk	0	\$69.08	157	0	\$72.53	165	0	\$76.16	175	0	\$79.97	184
95 Gal 2 Coll Per Wk	0	\$138.16	414	0	\$145.07	437	0	\$152.32	461	0	\$159.94	486
95 Gal 3 Coll Per Wk	0	\$207.24	17	0	\$217.60	18	0	\$228.48	19	0	\$239.90	20
95 Gal 4 Coll Per Wk	0	\$276.18	7	0	\$289.99	7	0	\$304.49	7	0	\$319.71	8
95 Gal 5 Coll Per Wk	0	\$345.40	8	0	\$362.67	9	0	\$380.80	9	0	\$399.84	10
300 Gal 1 Coll Per Wk	0	\$138.91	262	0	\$145.86	277	0	\$153.15	292	0	\$160.81	309
300 Gal 2 Coll Per Wk	0	\$277.83	932	0	\$291.72	982	0	\$306.31	1,034	0	\$321.63	1,092
300 Gal 3 Coll Per Wk	0	\$416.74	450	0	\$437.58	473	0	\$459.46	496	0	\$482.43	521
300 Gal 4 Coll Per Wk	0	\$555.66	34	0	\$583.44	36	0	\$612.61	39	0	\$643.24	40
300 Gal 5 Coll Per Wk	0	\$694.57	357	0	\$729.30	375	0	\$765.77	273	0	\$804.06	286
450 Gal 1 Coll Per Wk	0	\$171.27	202	0	\$179.83	212	0	\$188.82	223	0	\$198.26	234
450 Gal 2 Coll Per Wk	0	\$342.55	1,435	0	\$359.68	1,515	0	\$377.66	1,600	0	\$396.54	1,689
450 Gal 3 Coll Per Wk	0	\$513.82	937	0	\$539.51	991	0	\$566.49	1,047	0	\$594.81	1,106
450 Gal 4 Coll Per Wk	0	\$685.10	132	0	\$719.36	138	0	\$755.33	145	0	\$793.10	152
450 Gal 5 Coll Per Wk	0	\$856.37	370	0	\$899.19	388	0	\$944.15	408	0	\$991.36	428
450 Gal - Outside	0	\$342.54	16	0	\$359.67	17	0	\$377.65	18	0	\$396.53	19
300 Gal - Outside	0	\$277.82	7	0	\$291.71	7	0	\$306.30	7	0	\$321.62	8
Subtotal - Commercial			\$5,885			\$6,203			\$6,418			\$6,765
Total Rate Revenue			\$13,137			\$13,855			\$14,492			\$15,286

Annual Revenue in 000s

## 10 Findings and Conclusion

Based on the analysis presented in this Cost-of-Service Study:

- The Solid Waste collection rates evaluated in this Study are designed to generate sufficient revenues to recover the cost of providing Solid Waste collection service, including operating expenses, capital replacement, and debt service. Projected revenues do not exceed the cost of providing service.
- The structure of the Solid Waste collection rates was established through a cost-of-service analysis allocating costs to customer classes and service levels based on cost causation. Uniform rate adjustments have preserved the proportional relationships among customer classes and service levels, including the relationship between service volume and unit cost reflected in the rate-per-gallon analyses presented in Section 9. The nexus between the cost of service and the rates charged to ratepayers has been maintained.
- The Solid Waste collection rates evaluated in this Study remain consistent with the requirements of Proposition 218. The City may rely on this Study as documentation supporting the Proposition 218 noticing process and City Council consideration of the proposed rate adjustments.