

League of Cities and Towns RIRRC



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Topics

- I. Extending the Landfill Life
- II. Funding our Future
- III. Landfill Alternatives
- IV. Q & A
- V. Municipal Tip Fee Calculation

Who are we?

Short story

The Facts

- Central Landfill – 650K tons per year / Service 97% of State's residents
- Composting - 40,000 tons of leaf and yard debris each year
- Small Vehicle Area – E waste, rigid plastics, scrap etc.
- Eco Depot – 700 collections, 13 million pounds, 200,000 served
- Outreach & Education – touching 45k residents per year
- Materials Recycling Facility – 130K tons per year

Leadership Structure

- Board of Commissioners – Nine members appointed by the Governor
- Executive Director – Manages daily operations
- 150 employees – Supporting 6 primary service areas



RIRRC Business Outlook : 2017

The Challenges and Opportunities

- Landfill volumes at record highs
 - Landfill end of life estimated 2034
- Physical infrastructure – complete rebuild (~\$45M)
- Yellow Iron capitalization was woefully behind (~\$20M)
- Funding development of future airspace (~\$20M)
 - No ability to secure debt financing
- Recycling markets at all time lows
- Disposal pricing lagged the market
- Needed to understand the landfill alternatives



Addressing the Challenges

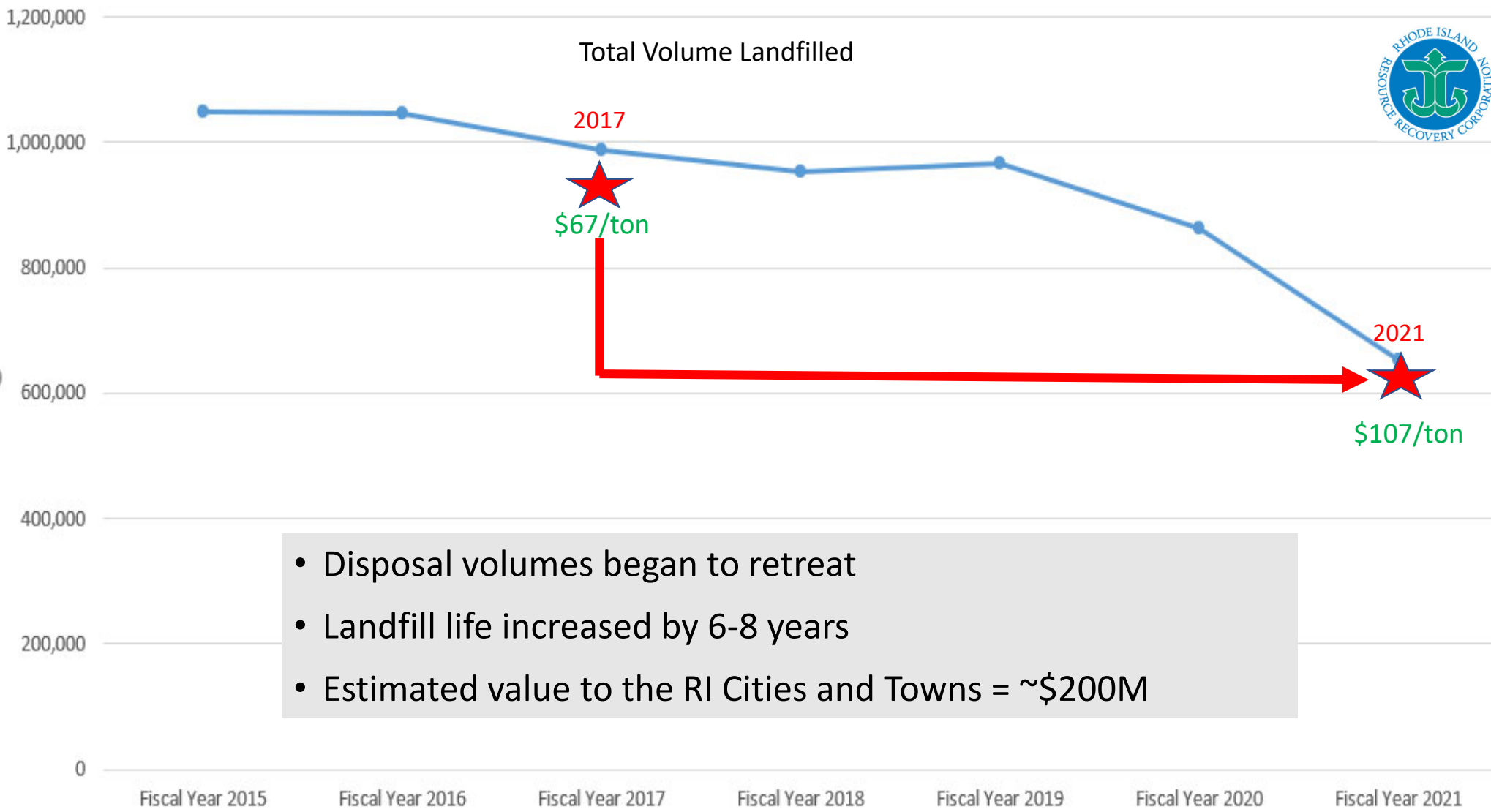
Extending the Life of the Landfill

- Performed deep dive market analysis
 - Understood RI market disposal alternatives
- Develop path to 650K tons/year
- Put together a 5-year pricing strategy
- Increased disposal cost \$67/ton - \$107/ton
- Stimulated market alternatives





Total Volume Landfilled



- Disposal volumes began to retreat
- Landfill life increased by 6-8 years
- Estimated value to the RI Cities and Towns = ~\$200M

Addressing the Challenges

FUNDING OUR FUTURE

- Deployed new pricing strategy across all product lines
- Rightsized costs as volumes retreated
- Implemented discretionary cost cutting program company wide
- Identified non disposal revenue opportunities

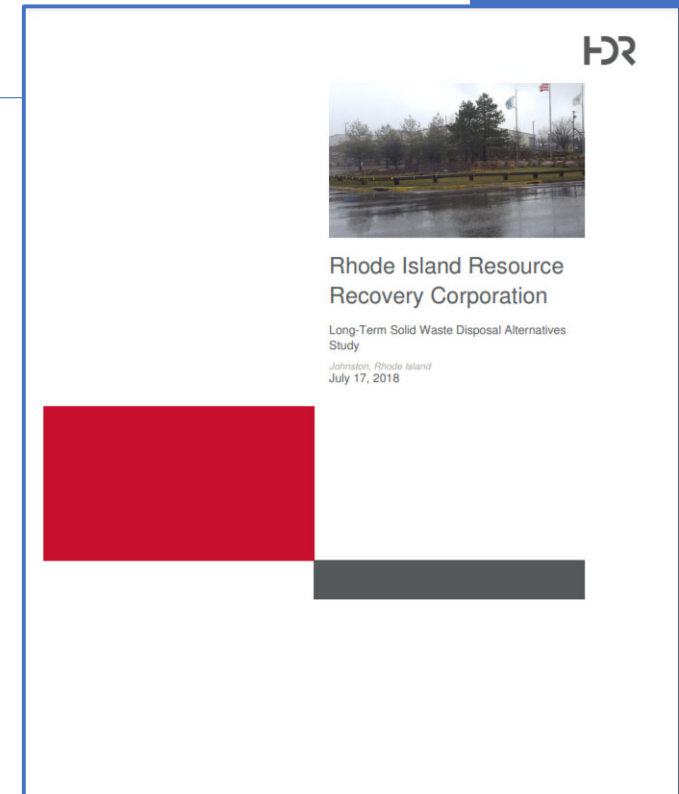
Generated \$100M in free cash flow



Addressing the Challenges

FINDING ALTERNATIVES

- 2018 Long Term Solid Waste Disposal Alternatives Study
- Waste to Energy off the table
- Waste by Rail : Organics : Mixed Waste Processing
- Focus internally on business optimization
- Education and Awareness
- Continue to monitor industry for alternatives





Q & A



The “Trigger” Calculation

Step 1

MUNICIPAL SOLID WASTE DISPOSAL FEE PRICING STRUCTURE AND PROCEDURE

	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>
Beginning Cash Balance	\$62.1	\$28.9	\$16.0	\$13.2	\$12.5	\$8.2
Cash From Operations	12.7	14.8	15.1	15.0	14.1	13.2
Debt Service	(4.8)	(0.3)	(0.2)	(0.3)	(0.2)	(0.3)
Capital and Capping	(37.5)	(23.9)	(14.1)	(11.9)	(14.6)	(9.9)
Other Cash Flows	(3.6)	(3.5)	(3.6)	(3.5)	(3.6)	(3.5)
Cash Flow	(\$33.2)	(\$12.9)	(\$2.8)	(\$0.7)	(\$4.3)	(\$0.5)
Ending Cash Balance	\$28.9	\$16.0	\$13.2	\$12.5	\$8.2	\$7.7
Versus Minimum Required	\$6.9	(\$6.0)	(\$8.8)	(\$9.5)	(\$13.8)	(\$14.3)

Cash balance below minimum liquidity needs. Proceed to calculate the solid waste disposal cost per ton.

*Minimum Cash Balance Requirement:

Sinking Fund	\$16.0M
Cash Flow \ Emergencies	\$ 6.0M
	<u>\$22.0M</u>



The “Municipal Tip Fee” Calculation

Step 2

Five Year Projections

Solid Waste Cost/Ton

	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>
Operating Cash Expenses	\$41.7	\$41.4	\$41.5	\$42.4	\$43.3
+Debt Service	0.3	0.3	0.3	0.3	0.3
+ Normalized Capital and Capping	14.9	14.9	14.9	14.9	14.9
+ Extraordinary Expenses	3.5	3.5	3.5	3.5	3.5
-Recycling Revenue \ Other revenue	(\$12.7)	(\$12.7)	(\$12.7)	(\$12.7)	(\$12.7)
Total Landfill Cash Expenses	\$47.7	\$47.4	\$47.5	\$48.4	\$49.3
Average Commercial Solid Waste Tip Fee per Ton	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00
Target commercial solid waste tonnage (000)	252	252	252	252	252
Less: Commercial revenue (M)	\$26.0	\$26.0	\$26.0	\$26.0	\$26.0
Amount required from Municipal Fees (M)	\$21.7	\$21.4	\$21.5	\$22.4	\$23.3
Estimate municipal tonnage (000)	344	344	344	344	344
Hypothetical Municipal Price/Ton	\$63	\$62	\$63	\$65	\$68

Calculated price per ton 7/1/24 thru 06/30/25

Projected pricing for planning purposes only.

