



Memorandum

DATE: September 10, 2018
TO: Members of the Finance Committee
FROM: Kevin H. Roche, CEO
RE: Rates for FY 19 & FY 20

Each September, we review our 5 year financial plan with the Board and recommend rates for the following year. After a careful review of the cash flow projections for the next 5 years, staff is making the following recommendations on tipping fees:

- **Municipal Solid Waste (MSW):** The 5 year financial projections are showing a decrease in our cash position that will not meet our goals in our Cash Reserve Policy. In our review with the board last year, we discussed the need to keep annual rate increases for MSW at a reasonable level. Consistent with this expectation, staff is recommending that we increase the MSW tipping fees 3.5% (from \$70.50 to \$73 per ton) beginning July 1st, 2019. We will review the 5 year plan at the Committee meeting next week.
- Over the last 12 months, the recycling markets have deteriorated to unprecedented levels. Owner communities have been covering the increased recycling costs with our cash reserves. Unfortunately the market has not rebounded as hoped and China continues to ban many scrap imports. Due to the glut of paper in the market, staff is recommending that we begin charging \$15 per ton for single-sort recyclables beginning November 1, 2018 and then increase the recycling fee to \$35 per ton beginning July 1st, 2019. While tipping fees for recyclables have been free for many years, the new regulations combined with market forces have increased recycling costs for communities all over the world. We continue to have hope that demand for recyclables will improve in the near future.