

Guam Solid Waste Authority Rate Analysis

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Agenda

- Review Revenues and Expenses
- Rate Adjustments needed:
 - With and without island wide program
 - With and without Ordot expenses
- Objectives
 - Review Four Rate Case Options
 - All options show the same adjustments in 2024, due to the uncertainty of Ordot and Island Wide

Base Assumptions

Fiscal Year	Avg Residential Growth	Inflation	Hauler Waste Station Increase	Government Tonnage Growth	Commercial Tonnage Growth	Landfill Cost Change	Fuel Cost increase
2024	0.45%	2.7%	7.0%	4.63%	4.63%	1.1%	4.2%
2025	0.45%	2.7%	7.0%	0.35%	0.35%	5.0%	4.1%
2026	0.45%	2.7%	7.0%	0.35%	0.35%	2.7%	1.2%
2027	0.45%	2.7%	7.0%	0.35%	0.35%	2.7%	1.2%
2028	0.45%	2.7%	7.0%	0.35%	0.35%	2.7%	1.2%

Base
Case –

No
Island
Wide

With
Ordot

Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Operating Revenues:					
Collection Sales					
Residential	\$ 8,161,935	\$ 8,198,663	\$ 8,235,557	\$ 8,272,617	\$ 8,309,844
Island Wide Collection	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Transfer Station	415,819	417,690	417,690	417,690	417,690
Residential Uncollectable Accounts	(257,333)	(258,491)	(259,597)	(260,709)	(261,826)
Government	824,764	828,475	831,375	834,285	837,205
Commercial Haulers	9,750,161	9,794,037	9,828,316	9,862,715	9,897,235
Interest and Other Income (DSF)	25,452	25,567	77,625	108,273	139,157
Trash Tag Fees	2,947	2,960	2,973	2,987	3,000
Reactivation / Restoration	35,682	35,843	36,004	36,166	36,329
Miscellaneous - Reimbursement	400,000	400,000	400,000	400,000	400,000
Host Community Premium Surcharge	327,003	328,475	328,475	328,475	328,475
Total Operating Revenues	\$ 19,686,430	\$ 19,773,219	\$ 19,898,418	\$ 20,002,497	\$ 20,107,107
Cash Outflows					
Mandatory Expenditures					
Personnel Expense	4,197,380	4,323,301	4,453,000	4,586,590	4,724,188
Contractual Services	10,895,208	11,392,148	11,527,715	11,664,894	11,803,707
Travel	24,286	24,575	24,867	25,163	25,462
Supplies	591,655	598,696	605,820	613,029	620,324
Equipment	5,242	5,305	5,368	5,432	5,496
Utilities - power and water	180,015	182,157	184,325	186,518	188,738
Post Closure Care					
Ordot Post Closure	2,000,000	2,000,000	2,000,000	2,000,000	-
Cell new and closure expenses - Ordot	1,700,000	2,550,000	2,550,000	2,550,000	2,550,000
New Cell Adjustments	(1,700,000)				750,000
Other Expenditures					
Capital Outlays	680,635	680,635	680,635	680,635	680,635
Debt Service Payment	3,047,833	3,049,833	3,051,604	3,057,479	3,058,229
Host Community Premium Benefits	300,000	300,000	300,000	300,000	309,000
Miscellaneous	243,708	246,608	249,543	252,512	255,517
Drug Testing	1,000	1,000	1,000	1,000	1,000
Total Operating Expenses	\$ 22,166,961	\$ 25,354,258	\$ 25,633,876	\$ 25,923,253	\$ 24,972,296
Net Change in Cash	\$ (2,480,532)	\$ (5,581,039)	\$ (5,735,459)	\$ (5,920,756)	\$ (4,865,189)

Island Wide Assumptions

Fiscal Year	Island Wide Residential Growth	Residential Transfer Station	Phase In Personel	Phase In Billing	Vehicle Maintenance - New Additional	Growth in per Residential Disposal	Increase in GHG Facilities Charge	Percent of New Residential to Transfer Station
2024	7,910	0.0%	0.0%	0.0%	5.0%	8.0%	18.0%	50.0%
2025	15,892	-100.0%	75.0%	50.0%	5.0%	8.0%	18.0%	50.0%
2026	15,964	0.0%	100.0%	100.0%	5.0%	8.0%	18.0%	50.0%
2027	16,035	0.0%	100.0%	100.0%	5.0%	8.0%	18.0%	50.0%
2028	16,108	0.0%	100.0%	100.0%	5.0%	8.0%	18.0%	50.0%

Base Case – Island Wide With Ordot

Description	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Operating Revenues:					
Collection Sales					
Residential	\$ 8,161,935	\$ 8,198,663	\$ 8,235,557	\$ 8,272,617	\$ 8,309,844
Island Wide Collection	\$ 2,847,758	\$ 2,860,572	\$ 5,746,890	\$ 5,772,751	\$ 5,798,728
Residential Transfer Station	415,819	417,690	417,690	417,690	417,690
Residential Uncollectable Accounts	(342,765)	(344,308)	(432,004)	(433,892)	(435,788)
Government	824,764	828,475	831,375	834,285	837,205
Commercial Haulers	9,750,161	9,794,037	9,828,316	9,862,715	9,897,235
Interest and Other Income (DSF)	25,452	25,567	77,625	108,273	139,157
Trash Tag Fees	2,947	2,960	2,973	2,987	3,000
Reactivation / Restoration	35,682	35,843	35,843	35,843	35,843
Miscellaneous - Reimbursement	400,000	400,000	400,000	400,000	400,000
Host Community Premium Surcharge	327,003	328,475	328,475	328,475	328,475
Total Operating Revenues	\$ 22,448,754	\$ 22,547,974	\$ 25,472,740	\$ 25,601,743	\$ 25,731,388
Cash Outflows					
Mandatory Expenditures					
Personnel Expense	4,197,380	4,323,301	4,453,000	4,586,590	4,724,188
Contractual Services	10,895,208	11,392,148	11,527,715	11,664,894	11,803,707
Travel	24,286	24,575	24,867	25,163	25,462
Supplies	591,655	598,696	605,820	613,029	620,324
Equipment	5,242	5,305	5,368	5,432	5,496
Utilities - power and water	180,015	182,157	184,325	186,518	188,738
Post Closure Care					
Ordot Post Closure	-	-	-	-	-
Cell new and closure expenses - Ordot	1,700,000	2,550,000	2,550,000	2,550,000	2,550,000
New Cell Adjustments	(1,700,000)				750,000
Other Expenditures					
Capital Outlays	680,635	680,635	680,635	680,635	680,635
Debt Service Payment	3,047,833	3,049,833	3,051,604	3,057,479	3,058,229
Host Community Premium Benefits	300,000	300,000	300,000	300,000	309,000
Miscellaneous	243,708	246,608	249,543	252,512	255,517
Drug Testing	1,000	1,000	1,000	1,000	1,000
Total Operating Expenses	\$ 20,820,397	\$ 24,415,580	\$ 24,710,248	\$ 25,009,720	\$ 26,071,489
Net Change in Cash	\$ 1,628,357	\$ (1,867,606)	\$ 762,491	\$ 592,022	\$ (340,101)

Base Case – No Rate Adjustments

Fiscal Year	Residential Rate	Commercial Rate (with Discount)	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 30.00	\$ 156.00	\$ 171.60	\$ 712,063	\$ 3,723,403
2025	30.00	156.00	171.60	(4,868,976)	4,142,699
2026	30.00	156.00	171.60	(10,604,435)	4,180,165
2027	30.00	156.00	171.60	(16,525,191)	4,225,438
2028	30.00	156.00	171.60	(21,390,380)	4,613,295

Base Case – Ordot Changes

Additional \$2.0 million transfer (expense)

Fiscal Year	Residential Rate	Commercial Rate (with Discount)	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 30.00	\$ 156.00	\$ 171.60	\$ 2,712,063	\$ 3,476,827
2025	30.00	156.00	171.60	(868,976)	3,896,124
2026	30.00	156.00	171.60	(4,604,435)	3,933,589
2027	30.00	156.00	171.60	(8,525,191)	3,978,863
2028	30.00	156.00	171.60	(13,390,380)	4,613,295

Four Rate Scenarios

Ranked from “Worst” to “Best”

1. “Worst Case” Scenario – NO Island Wide, With Funding Ordot
2. NO Island Wide / NO Ordot
3. Island Wide / With Funding Ordot
4. “Best Case” Scenario - Island Wide / NO Ordot

All four scenarios provide the same rate adjustments for 2024.

Subsequent years’ rate change will depend on Island Wide and Ordot Funding

No Island Wide / With Funding Ordot

“Worst Case”

Fiscal Year	Residential Rate	Commercial Rate	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 35.00	\$ 179.00	\$ 190.00	\$ 2,846,167	\$ 3,723,403
2025	40.00	201.00	201.00	3,311,046	4,142,699
2026	42.00	210.00	210.00	4,786,302	4,180,165
2027	40.00	201.00	201.00	4,942,985	4,225,438
2028	38.00	196.00	196.00	5,293,112	4,613,188

No Island Wide / No Ordot

“A little better”

Fiscal Year	Residential Rate	Commercial Rate	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 35.00	\$ 179.00	\$ 190.00	\$ 4,846,167	\$ 3,476,827
2025	36.00	183.00	190.00	4,769,132	3,896,124
2026	36.00	190.00	190.00	4,983,849	3,933,589
2027	36.00	190.00	190.00	5,028,618	3,978,863
2028	38.00	196.00	196.00	5,095,697	4,613,188

Island Wide / With Funding Ordot

“Second Best”

Fiscal Year	Residential Rate	Commercial Rate	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 35.00	\$ 179.00	\$ 190.00	\$ 5,415,444	\$ 3,803,963
2025	35.00	190.00	190.00	4,878,823	4,273,547
2026	32.00	180.00	180.00	5,441,710	4,312,868
2027	32.00	180.00	180.00	5,841,334	4,359,386
2028	30.00	170.00	170.00	5,758,090	4,748,704

Island Wide / No Ordot

“Best Case”

Fiscal Year	Residential Rate	Commercial Rate	Government Rate	Projected Cash Balances	Recommended Minimum Cash
2024	\$ 35.00	\$ 179.00	\$ 190.00	\$ 7,415,444	\$ 3,557,388
2025	30.00	175.00	175.00	5,238,971	4,026,972
2026	30.00	175.00	175.00	5,686,750	4,066,293
2027	30.00	175.00	175.00	5,963,342	4,112,811
2028	30.00	175.00	175.00	5,307,962	4,748,704

Cost of Service Results

Customer Class	Cost of Service	Projected Revenues	% Change
Residential	\$ 10,001,435	\$ 8,125,371	23.1%
Residential Transfer Station	512,658	415,819	23.3%
Government	714,606	788,267	-9.3%
Commercial Haulers	10,573,436	9,318,705	13.5%
Total	\$ 21,802,134	\$ 18,648,162	16.9%

Customer Class	Cost of Service \$/Customer	Projected Revenues \$/Customer
Residential	\$ 39.00	\$ 30.86
Residential Transfer Station	10.49	8.51
Government	155.56	171.60
Commercial Haulers	177.00	156.00

Additional Reference Slides

Layon Cell Development Reserve

Fiscal Year	Beginning Balance	Bond Proceeds	Cell Development Contribution	Investment Earnings	Cell Development Expense	Ending Balance	Estimated Cell Development Cost Per Acre
2022	\$19,425	\$0	\$50,000	\$5		\$69,431	\$4
2023	\$69,431		50,000	\$694		\$120,125	\$4
2024	\$120,125		\$50,000	\$1,201		\$171,326	\$4
2025	\$171,326		\$900,000	\$1,713		\$1,073,039	\$4
2026	\$1,073,039		\$900,000	\$10,730		\$1,983,770	\$4
2027	\$1,983,770		\$900,000	\$19,838		\$2,903,608	\$4
2028	\$2,903,608		\$900,000	\$29,036		\$3,832,644	\$4

Layon Cell Closure Cost Reserve

Fiscal Year	Beginning Balance	Cell Closure Contribution	Investment Earnings	Cell Closure Expenses	Ending Balance	Estimated Closure Cost Per Acre	Required / Target Balance	Deficiency
2023	\$808,040	\$400,000	\$4,040.00	\$0	\$1,216,120	\$150,043	\$3	\$1,216,118
2024	\$1,216,120	\$400,000	\$8,080.40	\$3,502,762.94	\$525,519	\$152,294	\$3	\$525,516
2025	\$525,519	\$400,000	\$12,161.20		\$930,774	\$154,578	\$3	\$930,771
2026	\$930,774	\$400,000	\$5,255.19		\$1,340,082	\$156,897	\$3	\$1,340,079
2027	\$1,340,082	\$400,000	\$9,307.74		\$1,753,482	\$159,251	\$3	\$1,753,479
2028	\$1,753,482	\$400,000	\$13,400.82		\$2,171,017	\$161,639	\$3	\$2,171,014

Layon Post Closure Reserve

Year	Fiscal Year	Beginning Balance	Post Closure Contribution	Investment Earnings	Post Closure Expenses	Ending Balance	Post-Closure Inflation Adj. Cost	Required / Target Balance	Deficiency
2023	2023	\$1,029,059	\$1,250,000	\$18,523	\$0	\$1,247,582	\$14,312	\$0	\$1,247,582
2024	2024	\$1,247,582	\$1,250,000	\$22,456	\$239,321.27	\$2,280,717	\$14,526	\$0	\$2,280,717
2025	2025	\$2,280,717	\$1,250,000	\$41,053	\$242,911.09	\$3,328,859	\$14,744	\$0	\$3,328,859
2026	2026	\$3,328,859	\$1,250,000	\$59,919	\$246,554.75	\$4,392,224	\$14,965	\$0	\$4,392,224
2027	2027	\$4,392,224	\$1,250,000	\$79,060	\$250,253.07	\$5,471,031	\$15,190	\$0	\$5,471,031
2028	2028	\$5,471,031	\$1,250,000	\$98,479	\$254,006.87	\$6,565,503	\$15,418	\$0	\$6,565,503

Ordot Post Closure Reserve

Year	Fiscal Year	Beginning Balance	Post-Closure Contribution	Investment Earnings	Post-Closure Expenses	Ending Balance
2022	2022	\$0	\$2,000,000	\$0	\$0	\$4,737,594
2023	2023	\$4,737,594	\$2,000,000	\$23,688	\$2,000,000	\$4,761,282
2024	2024	\$4,761,282	\$2,000,000	\$23,806	\$2,037,200	\$4,747,888
2025	2025	\$4,747,888	\$2,000,000	\$23,739	\$2,075,092	\$4,696,536
2026	2026	\$4,696,536	\$2,000,000	\$23,483	\$2,113,689	\$4,606,330
2027	2027	\$4,606,330	\$2,000,000	\$23,032	\$2,153,003	\$4,476,358
2028	2028	\$4,476,358	\$2,000,000	\$22,382	\$2,193,049	\$4,305,691

Equipment Replacement Reserve

Year	Fiscal Year	Beginning Balance	Contribution	Investment Earnings	Replacement Expenses	Ending Balance
2022	2022	\$0	\$0	\$0	\$0	\$1,837,267
2023	2023	\$1,837,267	\$380,635	\$18,373	\$188,760	\$2,047,515
2024	2024	\$2,047,515	\$680,635	\$20,475	\$1,665,840	\$1,082,785
2025	2025	\$1,082,785	\$680,635	\$10,828	\$140,815	\$1,633,433
2026	2026	\$1,633,433	\$680,635	\$16,334	\$142,491	\$2,187,912
2027	2027	\$2,187,912	\$680,635	\$21,879	\$144,186	\$2,746,239
2028	2028	\$2,746,239	\$680,635	\$27,462	\$145,902	\$3,308,435

Contract Operations

	FY2023	FY2024	FY2025
Layon Operator	3,800,000	3,990,000	4,189,500
Layon Monitoring	615,378	475,000	498,750
Hauler Only Transfer Station	3,400,000	3,639,422	3,894,182
Contractual Employees	1,200,000	500,000	500,000
Repairs & Maintenance	1,246,564	700,000	700,000
Legal Services/PUC/Other mandates	213,300	236,070	238,879
Others	525,910	479,617	485,325
Recycling Costs	864,807	875,098	885,512
	<u>11,865,959.00</u>	<u>10,895,208.09</u>	<u>11,392,148.00</u>