

**Alachua County Solid Waste Management**  
**Financial Analysis**  
**of the**  
**New River Solid Waste Association’s**  
**Proposed Tipping Fee Structure Through 2020**

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Prepared by:     Division of Solid Waste Management  
                          Office of Engineering and Compliance Monitoring  
                          August 19, 2009

## EXECUTIVE SUMMARY

In 1998, Alachua County and New River Solid Waste Association (NRSWA) agreed to allow transport of municipal solid waste to NRSWA's landfill near Starke. This report, prepared by the Office of Engineering and Compliance Monitoring, Division of Waste Management, examines audited financial records for NRSWA for the past decade and NRSWA's next decade of projected spending as reflected in the Association's Rate Study, released earlier this year. The Rate Study purpose is to guide the Association's budget preparation, including setting rates for tipping fees, the primary revenue generator. In brief, the examination of these records found:

- NRSWA is prospering when compared to similar facilities. The Association has no debt. Reserves have tripled. Total assets have grown five-fold.
- Alachua County delivers more than 70% of the waste the Association receives, and in 2009 and 2010, more than 80% of the tipping fee revenues.
- NRSWA's reserves are large enough that the Association will not have to seek external funding as it embarks on an ambitious 12-year, \$30 million capital improvements program.
- The largest of the planned capital projects will dwarf previous landfill expansions at the site – a 50-acre cell three times larger than the average of 7 previous cells at New River. Alachua County tipping fees will provide two-thirds of the funding, but the county will hold no ownership rights to the airspace.<sup>1</sup>
- The Rate Study contained a significant omission by not including the current unrestricted cash/near-cash balance of approximately \$13.8 million and the interest revenue that will be generated from this balance. The Rate Study shows only \$901,854 in reserves in 2020, when in fact the amount would exceed \$20 million.

Staff recommends that:

1. The Rate Study should be revised to include the accurate 2008 starting cash/near-cash balance of approximately \$13.8 million and the significant interest revenues from that balance which were omitted from the Rate Study calculations.
2. NRSWA should follow a phased approach to building the 50-acre cell and the development of the associated 300 acre expansion area. This is more equitable to the eventual users of the airspace and more likely to be approved by state regulators.
3. The growth of New River's assets and reserves – largely due to Alachua County's contribution – justifies a reduction in the current tipping fee of \$2.50 per ton.
4. New River should seek input from non-member counties before adopting financial plans that heavily impact them.
5. Alachua County should seek engineering consulting expertise independent of any consulting firm with financial ties to NRSWA, to prevent future potential conflicts of interest.

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<sup>1</sup> Alachua County's contract with NRSWA expires in 2018. The 50-acre cell is not scheduled to open until 2020.

## 1. Background

In 2008, Jones, Edmunds and Associates (JEA), the engineer of record for the New River Solid Waste Association Landfill near Starke, Florida, provided a Tipping Fee Rate Study to the board of directors of NRSWA. The rate study covers the years 2008 to 2020. The staff of Alachua County Solid Waste Division, Office of Engineering and Compliance Monitoring, has undertaken an analysis of the proposed rate structure.

The Rate Study begins with Fiscal Year 2008. In order to obtain a complete picture of NRSWA's financial situation, staff used state-required annual audits from 1999 – the first year Alachua County began bringing waste to the NRSWA – through 2008, the latest year available. In addition, staff employed HDR Engineering, Inc. (HDR), an engineering consulting firm, to provide a comparative analysis of NRSWA's finances with similar facilities in nine other Florida counties. These documents are discussed in further detail in the next three sections of this report.

## 2. The New River Solid Waste Association Rate Study

JEA's rate study projects until 2020 all tonnages from all sources, and financial projections including revenues -- more than 95% of which are derived from tipping fees – and expenses, which are grouped into five major categories, described below:

1. **Direct Costs** include salaries and benefits;
2. **Professional/Contractual Services** include attorney, compliance monitoring and miscellaneous engineering costs, surveying, accounting, auditing and other contractual services;
3. **Miscellaneous** includes administrative, operational and maintenance costs;
4. **Other Expenditures** includes equipment replacement, Host Fee to Union County, Dividends to the three member counties, escrow for closure and long term care cost for cells 1-7;
5. **Capital Improvement Projects** includes cell construction, gas system construction and development of the 300 acre expansion, including construction of a 50-acre landfill cell.

The Rate Study shows that in 2008, Alachua County delivered 71% of the NRLF wastes but effectively paid 78.5% of tipping fee revenues. How this happened is explained below.

While each of the three member counties (Union, Bradford and Baker) nominally paid a disposal rate of \$24 per ton, the three counties were reimbursed \$625,000 in host fees and dividends, effectively reducing the real combined rate charged to these counties to \$10.67 per ton. Individual member county's rates vary from the combined average, due to a fixed \$100,000 host fee paid annually to Union County, the physical location of the landfill. As a result, Union County's net payment in 2008 reported in the Rate Study for 11,750 tons of waste was \$57,000, or \$4.85 per ton, which may be the lowest rate in

the nation<sup>2</sup>. Baker County delivered 22,919 tons at a net rate of \$18.55 per ton. Bradford County delivered 20,746 tons at a net rate of \$17.97 per ton.<sup>3</sup> By contrast, Alachua County paid \$31.56 on 196,624 tons including surcharges, while Levy County paid \$36.64 including surcharges on 20,671 tons.

In FY2009, Alachua County, which contractually also delivers Gilchrist County's waste, is projected to again deliver 71% of the wastes received at NRSWA, but the portion of tipping fees paid after reimbursements to the counties will rise to 80.9%, due to an increase in the dividend reimbursement of \$175,000 to \$225,000 for each of the member counties.

For 2010, the governing board of NRSWA voted to continue the higher dividend -- over the recommendation of its executive director -- therefore the portion of tip fee revenue paid by Alachua County next year will again be 80.9%.

Engineering costs are listed under three separate categories: -- Professional Services, Other Expenditures and Capital Improvements Projects -- and are escalating as the landfill embarks on five major CIP projects during the next 10 years:

1. Engineering and construction of Cell 6, a \$4.2 million, six year project beginning in 2009;
2. Engineering and construction of Cell 7, an \$8.5 million, seven year project that begins in 2012;
3. Gas System Construction, a \$1.2 million project, two year project beginning in 2009;
4. Initial Development of the 300 acre Expansion, a \$6.6 million, 12-year endeavor; and
5. Cell development of a 50-acre landfill cell on the 300 acre site, \$9.7 million, four years, planned to begin in 2017.

The first two cell development projects listed above are needed, according to the Rate Study, to accommodate the waste streams from the member and non-member counties through 2018. The Gas System is an FDEP required project.

Projects 4 & 5 are related to each other. The 300 acres acquired in 2005 will require access and wetlands mitigation work, and as well as other predevelopment work to be performed before development of the 50 acre cell will be possible. While the 50-acre cell is not scheduled to be used until after the closure of Cell 7 in 2018 -- and after the current agreement with Alachua County expires -- the rate study shows that 68% of the combined projects' costs -- \$10.4 million of \$16.3 million -- will be collected while Alachua County delivers waste under the current agreement.

The only landfill in recent years larger than the proposed 50-acre cell by New River is a 64-acre cell built in 2005 by Polk County, a landfill that receives twice the waste flow.

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<sup>2</sup> In a nationwide survey completed in December, 2008 the lowest landfill tipping fee reported was \$15 for a landfill in Oklahoma. *The State of Garbage in America*, BioCycle, December 2008, Vol. 49, No. 12, p. 22. [http://www.jgpress.com/archives/\\_free/001782.html](http://www.jgpress.com/archives/_free/001782.html)

<sup>3</sup> DDF CPA Group, the auditors for NRSWA, noted in its 2008 Audit an irregularity in the member counties' payments of the nominal \$24/ton charge and the "surcharge" or re-imbursements, see page 23: "We noted during our audit that the Association has been applying the surcharge rate to tons for which no charge had been applied, the result of which is an overpayment of the surcharge amounts to the participating member counties. Further, surcharge amounts are paid before the counties have had a chance to review their billings and make payment. It is not economically equitable for either the Association or the non-participating member county to continue this practice of paying surcharges on tonnage for which there has been no charge. We recommend that the Board and management develop procedures for staff to implement."

The Rate Study employed an unusual method of accounting for some costs. For example, in 2008, it listed Escrow CIP and Cell Construction costs of \$700,000 for work that was not performed in that year. JEA stated those were budget numbers that management requested be included in the Rate Study. Typically, rate studies only include actual or projected expenditures, not budget numbers. The effect here was to reduce Retained Earnings from \$1.1 million to \$417,000.

The Rate Study omits the current cash/near-cash balance of \$13.8 million and the associated interest to be earned on this balance, see section 3. This omission skews the need for other revenues (predominated by tipping fees) to appear to be higher than they would need to be. The Rate Study assumes an annual increase in Alachua County’s tipping fee by the maximum allowed -- 75% of the change in the Consumer Price Index (CPI). To-date, Alachua County has agreed to rate increases to New River in ten consecutive years.

### 3. Auditor’s Reports, 1999-2008

As is required at every landfill in Florida, an independent auditor reviews NRSWA’s financial records annually. Staff has reviewed the reports since 1999, when Alachua County began hauling waste to NRLF. The same auditor’s firm has prepared each report.

Figure 1 shows the net effect of the 10 years of CPI price increases. Total Current Assets – cash, investments, accounts receivable and prepaid Insurance -- have increased from \$4.4 million to \$14.6 million, of which \$13.8 are cash and investments. (Note: Current Assets are also known as cash and near-cash assets, and sometimes referred to as liquid assets.) The growth during the same period of Net Assets (also called Fund Equity) which consists of current assets plus capital assets (for example, capital improvements, equipment, land and other non-liquid assets) increased almost five-fold during this period, from \$6.7 million to \$29.9 million.

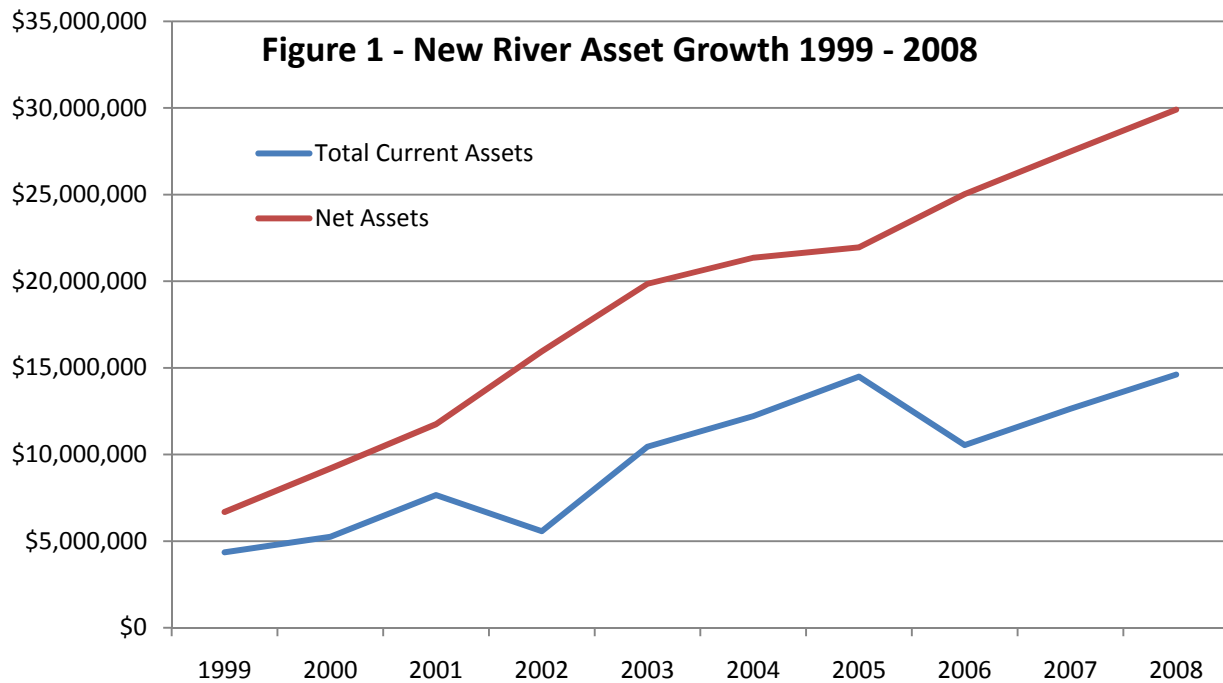
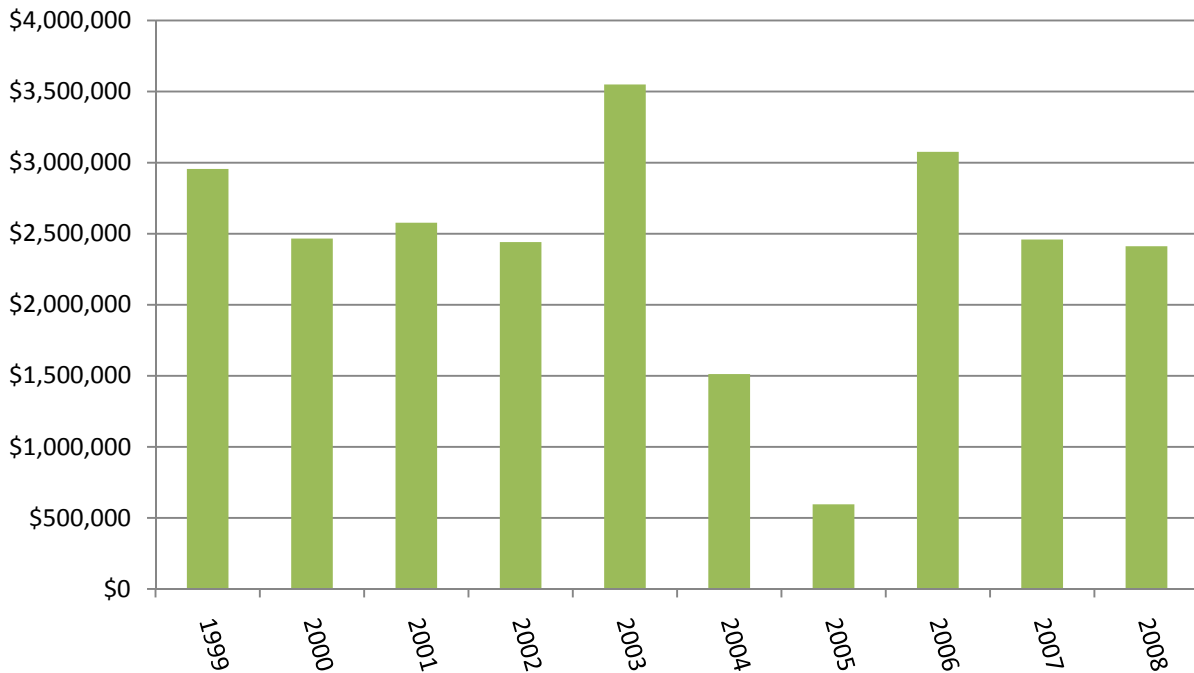


Figure 2 shows Net Income generated each year. Net income is the amount that revenues exceed expenses. In the private sector, net income would be considered profits before taxes. In any enterprise, the goal is to have a positive net income – or in the case of public entities to operate at or near cost -- and NRLF has met or exceeded that goal in each of the 10 years since the agreement with Alachua County began. Note that, except in 2004 and 2005 – years when large capital expenditures were made - net income has exceeded \$2 million each year. This has allowed New River to experience the significant asset growth seen in Figure 1.

**Figure 2 - New River Net Income 1999 - 2008**



By these measures, NRLF has enjoyed a consistently improving financial condition since expanding operations in 1999 with its decision to accept wastes from non-member counties. NRLF has eliminated all previously held debt, has built substantial unencumbered cash reserves and interest-bearing investments, and has positioned itself to fund future CIP projects without needing to seek external funding, thus incurring further savings in the future by avoiding substantial interest costs on the upcoming major CIP projects.

#### 4. Comparative Analysis of the New River Regional Landfill

Staff asked a third party engineer, HDR, to examine the Rate Study and related documents such as the auditor's reports, and perform two tasks: 1. Compare the relative financial position of New River to similar facilities and 2. Assess the need for adjustments to the tipping fee rate structure for the duration of Alachua County's agreement with NRSWA.

For Task 1, HDR attempted to obtain Comprehensive Annual Financial Reports (CAFR's) from ten facilities, including NRLF, for the past five years, and was successful. However, some data was not available from NRLF for some years, and some of the other facilities did not provide certain data in other years. This prevents a direct comparison for all five years in three metrics. Despite the missing data, HDR was able to directly compare NRLF's ranking to the other nine facilities for four standard metrics:

1. **Current Ratio** divides Current Assets by Current Liabilities, an indicator of whether a facility can meet short term obligations;
2. **Net Operating Margin**, calculated by dividing Net Operating Income by Charges for Services (sales), which measures the portion of revenue remaining after paying operating expenses.
3. **Return on Assets**, which divides the Change in Net Assets by Total Assets, a measurement of an enterprise's efficiency in using assets to generate revenues.
4. **Sales to Assets** divides Charges for Services (sales) by Total Assets and is a measurement of potential "profitability."

In the first three metrics, NRLF is the top ranked facility, and its comparative ranking improved in each of the five years studied. NRLF is next to last in the fourth metric.

HDR considered three other financial metrics in which direct five year comparison were not possible due to an absence of complete data. They were: **Working Capital per Ton**, **Operating Expenses per Ton** and **Operating Revenues per Ton**. While direct year to year comparison was not possible for these metrics, HDR compared New River to the average for each of five years of data for the other nine facilities. They found that NRLF has an above average Working Capital per Ton. Operating Expenses are half of the group's average, and Operating Revenues are slightly below the average for the group. All of these findings further re-enforce the observation that this is an enterprise operating in a fiscally sound manner.

HDR also reviewed the JEA Rate Study. Among their observations:

1. NRLF's approach to funding capital projects is less equitable than using external sources – such as revenue bonds, loans or grants – which would spread the cost of the project over the long-term and to the customers that will benefit from the capital project over the long-term. Instead, NRLF has chosen to fund all of their CIP projects internally by accumulating a significant amount of reserves before the project is constructed. This potentially shifts future user's costs onto current users.
2. HDR could find only one facility that has planned or built a landfill cell as big as the 50-acre cell NRLF is proposing after building cell 7. The 50-acre cell is more than three times larger than the average size (15.6 acres) of all the other seven cells at the site. The one cell in Florida that is larger, a 64-acre cell built in 2005 in Polk County, receives more than twice as much waste as NRLF.

3. JEA did not include as part of the Rate Study an accounting for the cash/near cash balance of \$13.8 million reported in the 2008 Auditor's Report. Since interest revenues in the rate study were calculated based on accumulated reserves, the study significantly understates the interest revenues NRLF will earn in subsequent years. For example, in 2009, the JEA Rate Study shows interest earnings of \$12,815. If the interest earnings on the omitted \$13.8 million are included, actual interest earned will be about \$426,000, a 33-fold understatement of interest earnings, using JEA's assumed interest rate. Over the entire Rate Study period, interest earned on the \$13.8 million will be \$7 million, compared to the \$170,000 of accumulated interest reported in the Rate Study, a 41-fold understatement of interest earnings.

An omission of revenues as large as the one noted above led HDR to examine four financial scenarios that would address the inequity created by not including an accurate accounting of interest earnings. The results of running these scenarios are shown in Appendix C of HDR's report, and re-printed here for convenience as Table 1.

In Scenario One, no change was made to the JEA Rate Study – and the effect is that by 2020, the end balance of the Reserves is \$901,854. In Scenario Two, the additional interest earnings are included, and the End Balance grows to \$20.6 million.

In Scenario Three, a rate reduction of \$2.25 in Alachua County's tipping fee requirement (not including the \$2.35 surcharge) results in an End Balance very close to today's current value of \$13.8 million. In Scenario 4, Alachua County's tipping fee is held at the 2009 rate for five years, and the result is similar – by 2020 the Reserve End Balance would be \$14.7 million, or about \$900,000 higher than the current balance of \$13.8 million.

**TABLE 1 – Reserve Scenario Calculations**



Line	Fiscal Year	Revenues			Direct Costs	Other Expenditures	Capital Expenditures	Net Operating Results	Reserves	
		Excl. Interest Earnings	Interest Earnings	Total Revenues					Beg Balance	End Balance
<b>Per JEA Rate Study</b>										
1	2008	7,641,487	300,000	7,941,487	2,874,860	3,939,470	700,000	427,157		427,157
2	2009	8,465,122	12,815	8,477,937	2,879,300	4,077,700	1,833,048	(312,111)		115,046
3	2010	8,683,085	3,451	8,686,536	3,013,137	2,579,952	1,833,048	1,260,399		1,375,446
4	2011	8,999,081	41,263	9,040,345	3,153,216	3,703,519	1,222,729	960,881		2,336,326
5	2012	9,322,540	70,090	9,392,630	3,299,829	4,305,129	2,698,718	(911,046)		1,425,280
6	2013	9,653,571	42,758	9,696,329	3,453,283	3,316,550	2,698,718	227,778		1,653,058
7	2014	10,140,911	49,592	10,190,502	3,613,896	4,237,889	2,698,718	(360,001)		1,293,057
8	2015	10,493,921	38,792	10,532,713	3,782,006	3,594,647	2,027,283	1,128,778		2,421,835
9	2016	10,855,105	72,655	10,927,760	3,957,962	3,633,138	2,027,283	1,309,377		3,731,212
10	2017	11,224,573	111,936	11,336,509	4,208,062	4,453,605	4,453,822	(1,778,980)		1,952,232
11	2018	11,602,436	58,567	11,661,003	4,404,128	4,628,131	4,453,822	(1,825,077)		127,155
12	2019	11,988,803	3,815	11,992,618	4,609,360	3,464,731	2,977,833	940,694		1,067,848
13	2020	11,960,258	32,035	11,992,294	4,814,324	4,366,131	2,977,833	(165,994)		901,854

**Per JEA Rate Study and Including \$13.8 Million Beginning Balance**

14	2008	7,641,487	300,000	7,941,487	2,874,860	3,939,470	700,000	427,157		14,227,157
15	2009	8,465,122	426,815	8,891,937	2,879,300	4,077,700	1,833,048	101,889		14,329,046
16	2010	8,683,085	429,871	9,112,956	3,013,137	2,579,952	1,833,048	1,686,819		16,015,866
17	2011	8,999,081	480,476	9,479,557	3,153,216	3,703,519	1,222,729	1,400,093		17,415,959
18	2012	9,322,540	522,479	9,845,018	3,299,829	4,305,129	2,698,718	(458,657)		16,957,302
19	2013	9,653,571	508,719	10,162,290	3,453,283	3,316,550	2,698,718	693,739		17,651,041
20	2014	10,140,911	529,531	10,670,442	3,613,896	4,237,889	2,698,718	119,938		17,770,979
21	2015	10,493,921	533,129	11,027,051	3,782,006	3,594,647	2,027,283	1,623,115		19,394,094
22	2016	10,855,105	581,823	11,436,927	3,957,962	3,633,138	2,027,283	1,818,545		21,212,639
23	2017	11,224,573	636,379	11,860,952	4,208,062	4,453,605	4,453,822	(1,254,537)		19,958,102
24	2018	11,602,436	598,743	12,201,179	4,404,128	4,628,131	4,453,822	(1,284,901)		18,673,201
25	2019	11,988,803	560,196	12,548,999	4,609,360	3,464,731	2,977,833	1,497,075		20,170,276
26	2020	11,960,258	605,108	12,565,367	4,814,324	4,366,131	2,977,833	407,078		20,577,354

**JEA Rate Study Results adjusting for \$13.8 million beginning balance and reducing base rate by \$2.25/ton in 2010.**

27	2008	7,641,487	300,000	7,941,487	2,874,860	3,939,470	700,000	427,157		14,227,157
28	2009	8,465,122	426,815	8,891,937	2,879,300	4,077,700	1,833,048	101,889		14,329,046
29	2010	8,230,440	429,871	8,660,311	3,013,137	2,579,952	1,833,048	1,234,174		15,563,221
30	2011	8,529,656	466,897	8,996,552	3,153,216	3,703,519	1,222,729	917,088		16,480,309
31	2012	8,836,001	494,409	9,330,410	3,299,829	4,305,129	2,698,718	(973,265)		15,507,044
32	2013	9,149,587	465,211	9,614,798	3,453,283	3,316,550	2,698,718	146,247		15,653,291
33	2014	9,619,149	469,599	10,088,748	3,613,896	4,237,889	2,698,718	(461,756)		15,191,535
34	2015	9,954,050	455,746	10,409,797	3,782,006	3,594,647	2,027,283	1,005,861		16,197,396
35	2016	10,296,793	485,922	10,782,715	3,957,962	3,633,138	2,027,283	1,164,333		17,361,729
36	2017	10,647,491	520,852	11,168,343	4,208,062	4,453,605	4,453,822	(1,947,146)		15,414,583
37	2018	11,006,257	462,437	11,468,695	4,404,128	4,628,131	4,453,822	(2,017,386)		13,397,197
38	2019	11,373,202	401,916	11,775,118	4,609,360	3,464,731	2,977,833	723,193		14,120,390
39	2020	11,324,912	423,612	11,748,524	4,814,324	4,366,131	2,977,833	(409,765)		13,710,625

**JEA Rate Study Results adjusting for \$13.8 million beginning balance and leveling tipping fee for fiscal years 2010 through 2014**

40	2008	7,641,487	300,000	7,941,487	2,874,860	3,939,470	700,000	427,157		14,227,157
41	2009	8,465,122	426,815	8,891,937	2,879,300	4,077,700	1,833,048	101,889		14,329,046
42	2010	8,650,376	429,871	9,080,247	3,013,137	2,579,952	1,833,048	1,654,110		15,983,156
43	2011	8,839,484	479,495	9,318,979	3,153,216	3,703,519	1,222,729	1,239,515		17,222,671
44	2012	9,032,520	516,680	9,549,200	3,299,829	4,305,129	2,698,718	(754,476)		16,468,195
45	2013	9,229,559	494,046	9,723,604	3,453,283	3,316,550	2,698,718	255,054		16,723,249
46	2014	9,579,303	501,697	10,081,000	3,613,896	4,237,889	2,698,718	(469,504)		16,253,745
47	2015	9,913,280	487,612	10,400,892	3,782,006	3,594,647	2,027,283	996,957		17,250,702
48	2016	10,255,101	517,521	10,772,622	3,957,962	3,633,138	2,027,283	1,154,239		18,404,941
49	2017	10,604,880	552,148	11,157,028	4,208,062	4,453,605	4,453,822	(1,958,461)		16,446,480
50	2018	10,962,731	493,394	11,456,126	4,404,128	4,628,131	4,453,822	(2,029,955)		14,416,525
51	2019	11,328,765	432,496	11,761,261	4,609,360	3,464,731	2,977,833	709,337		15,125,862
52	2020	11,279,570	453,776	11,733,346	4,814,324	4,366,131	2,977,833	(424,942)		14,700,920

## 5. Conclusions

In 1998, when NRSWA agreed to accept Alachua County's MSW, the Association was experiencing escalating costs and insufficient tipping fee revenues, was borrowing for capital improvements, and their engineer was projecting future tipping fees for member counties to rise to about \$70 in a competitive cost environment. Ten years later by contrast, the NRSWA is prospering. The Association has no debt, its member counties pay tipping fees among the lowest in the state and nation, and the landfill is preparing to embark on an ambitious \$30 million in CIP projects without the need to seek external financing.

This prosperity has been largely funded by the contribution in tipping fees made by the non-member counties, especially Alachua County, which in the current fiscal year will pay nearly 81% of all tipping fee revenues received by NRSWA. When compared to similar facilities, NRSWA is the top ranked facility in several industry standard financial metrics.

Alachua County has not previously denied any requests from New River for increases in its disposal fees. In addition, during the years since the original agreement, NRSWA has asked to expand the \$100,000 host fee paid to Union County, to include additional payments to each member county's board of county commissioners. Alachua County has also granted these requests, which have helped the member counties' defray other non-solid waste related costs, a benefit to all of the citizens of the member counties.

In the JEA Rate Study, which is essentially a road map for future operational and capital improvements spending, the Association is proposing a large scale expansion for which Alachua County will receive no benefits -- the proposed 50-acre mega-landfill cell. While more than two-thirds of the cost of this \$16 million project will be borne by Alachua and Gilchrist County ratepayers, they will receive no rights to any of the airspace volume of the proposed cell -- an obvious inequity, especially given that Alachua County has cooperated with NRSWA's past requests for fee increases.

Within the proposal for the mega-cell lies the possibility a further inequality. It is unlikely that the Florida Department of Environmental Protection (FDEP) -- if it follows past practice -- will permit construction of the entire 50-acre cell in the four-year period proposed. FDEP typically permits only the approximate amount of airspace that is necessary based on anticipated disposal tonnages projected during the applicable permit period, five or 10 years. This cell is much larger than needed to accommodate current waste streams. More likely, FDEP would require a phased approach, and then the large capital accumulated -- but not spent for many years -- would generate additional interest revenues in the years after 2020, the last year shown in the Rate Study. Again, Alachua County would not benefit from this future revenue stream.

The NRSWA's preferred funding mechanism -- to accumulate capital from current users before it is necessary -- while entirely valid as an approach, is also the least equitable from the perspective of non-member counties because it does not spread the capital burden among all users of the airspace.

Further, NRSWA has not secured an agreement with any of the non-member counties to continue receiving their waste streams after 2018. Without such agreements, the mega-cell will be vastly larger than needed, unless NRSWA intends to transform the site into a regional landfill by seeking other waste streams from more distant sources.

The Rate Study omits a large revenue stream – interest on current cash and investments – and this omission overstates the need for other revenues, which are almost completely derived from tipping fees. This omission needs to be corrected so that the Rate Study accurately shows the size of this future revenue stream, as well as the growth in reserves, and therefore the tipping fee requirements.

When included in the calculation, tipping fee reductions or freezes would not negatively impact NRSWA current reserve balance situation. In either scenario, the NRSWA reserve balance – even after the Associations ambitious CIP program were to proceed as outlined in the Rate Study – would not be diminished or actually would continue to grow.

Finally, it needs to be noted that NRSWA terminated its agreement with its long-standing engineer of record in 2007 and replaced Darabi and Associates with JEA, which was (and still is) also the engineer of record for solid waste consulting services for Alachua County. The Rate Study was prepared by JEA at the request of NRSWA without the input of Alachua County.

## **6. Recommendations**

Based on the findings of this report, staff recommends the following:

- The Rate Study, which is NRSWA’s roadmap for future operations and capital spending, needs to be revised to reflect the current cash/near-cash balance and the significant interest revenues – estimated at more than \$400,000 annually -- not currently included in the Study.
- NRSWA should reconsider the proposed funding plan for the proposed 50-acre mega-cell, in light of a more realistic phased approach that would be more likely to be approved by FDEP. Funding for future phases should be programmed for years beyond the Rate Study period.
- New River should consider a reduction in Alachua County’s current tipping fee of about \$2.50 per ton, given that current cash and investment reserves are more than adequate to fund future operations and CIP projects.
- New River should include non-members in the preparation of long-term financial plans such as the Rate Study in the future, given that the non-member counties are providing greater than 80% of revenues.
- Alachua County should seek engineering consulting expertise independent of JEA, or any other consulting firm with financial ties to NRSWA, to prevent future potential conflicts of interest.

## APPENDICES

- A. New River Solid Waste Association Solid Waste Rate Study
- B. Auditor's Report, 1999 to 2008
- C. Comparative Analysis of the New River Landfill
- D. Alachua County – New River Inter-local Agreement and Amendments 1-7

Electronic versions of this report and its appendices can be viewed online at: