



CITY OF SOMERTON

ARIZONA

2022 Solid Waste Rate Study



**CITY OF SOMERTON, ARIZONA
SANITATION RATE STUDY
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Acknowledgements

During the course of this rate study, several City employees expended considerable time and effort in assisting the project team. These employees included the Mayor and Council, Mr. Sam Palacios, Mrs. Czarina Gallegos and Mr. Jerry Cabrera. The project team owes a debt of gratitude to the hard work, dedication and professionalism of these individuals, without whom this project would not have been successfully completed.

The project team has relied upon the extensive data supplied by the City of Somerton. Thus, the integrity of the study is largely dependent upon the accuracy of this financial and customer data. Every effort has been made by the project team to validate and confirm the information contained herein prior to the preparation of the final study documents. **This report presents no assurance or guarantee that the forecast contained herein will be consistent with actual results or performances.** These represent forecasts based on a series of assumptions about future behavior, and are not guarantees. Any changes in assumptions or actual events may result in significant revisions to the forecast and its conclusions. The cash flow projections and debt service coverage calculations are not intended to present overall financial positions, results of operations, and/or cash flows for the periods indicated, which is in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants.

Executive Summary



Somerton
ARIZONA

In 2021 the City of Somerton, Arizona (the “City”) engaged **Willdan Financial Services** to conduct a sanitation rate study and long-term financial plan. This report presents the Willdan project team’s findings and recommendations resulting from the comprehensive sanitation rate study prepared for the City.

The City identified numerous objectives for this study, including but not limited to the following:

- A comprehensive analysis and evaluation of the solid waste system’s current cost of service and revenue requirements
- A forecast of sanitation operating and capital costs for a period of ten years into the future
- An estimate of current and forecast accounts for the ten-year forecast period
- A forecast of operating expenses over the next decade, taking into consideration such factors as inflation, system growth, and increases in staffing levels
- A review of the adequacy and appropriateness of existing solid waste customer classes
- An evaluation of the current solid waste rate/fee structures and revenue recovered versus the revenue requirement, both overall and for each customer class
- A cost analysis of servicing the commercial customer class

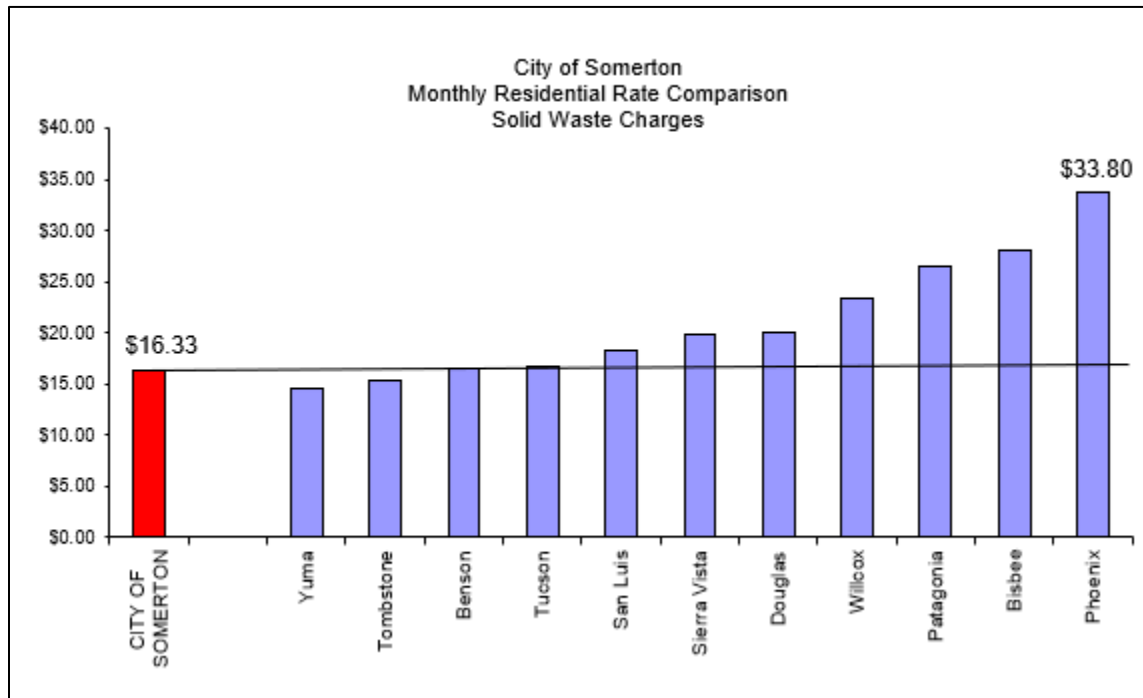
After a series of discussions with City officials the project team narrowed its rate plan recommendations to recover the cost needed to provide the sanitation operations and services as contained in this study. The analysis and recommendations presented in this study achieve all objectives outlined.

Sanitation Rate Comparison

The project team conducted a survey of solid waste collection fees charged by eleven (11) communities in Arizona. The monthly cost in this sample for collection and disposal of trash, yard waste and recyclables ranged from \$14.68 to \$33.80. The variance depends in part on the number of collections per week.

Chart ES-1 presents a sampling of the basic residential solid waste collection charges for many of the municipalities in Arizona. While each may vary slightly in the type or size of container required, and the number of collections per week, overall the services are similar enough to present a broad comparison.

CHART ES-1



Sanitation Test Year and Forecast Customer Accounts

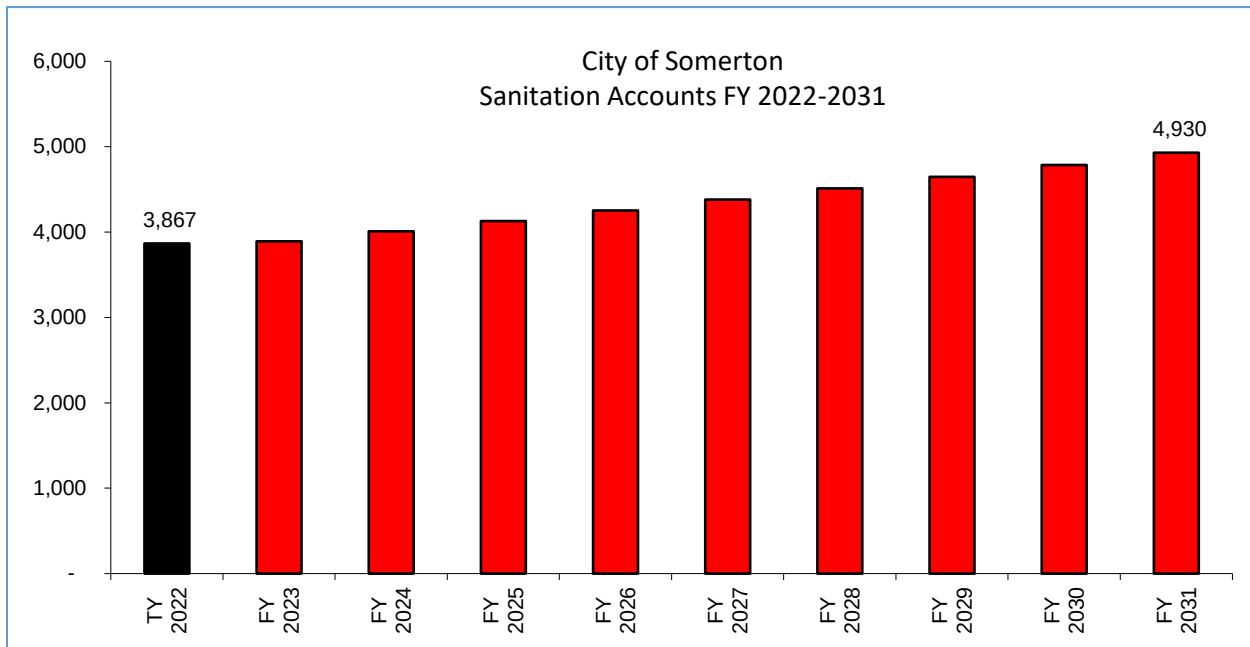
The City's sanitation cost of service is primarily a function of both the number of collections required each week and the volume of waste disposed. As Somerton and the surrounding area grow in population, the demand for City services will increase. Residential accounts are projected to grow by approximately 3% annually during the forecast period. The City plans to eliminate service to commercial customers in FY 2023. This projected growth is forecast to result in total accounts of **4,930** in FY 2031.

The test year and forecast accounts by class are identified in **Table ES-2** and **Chart ES-3**.

TABLE ES-2

CITY OF SOMERTON		
FY 2022 SANITATION CUSTOMER BILLING UNITS		
	Customers	Percent
Residential	3,779	97.7%
2 Cubic Yard	45	1.2%
4 Cubic Yard	32	0.8%
6 Cubic Yard	11	0.3%
Grand Total	3,867	100.0%

CHART ES-3



Sanitation Test Year and Forecast Revenue Requirement

Table ES-4 presents test year and forecast net revenue requirements from TY 2022 – FY 2031.

The following is notable about this forecast:

- Salaries and benefits are projected to increase at a rate of 3.0% annually except when costs are expected to increase at a higher rate, e.g., health insurance, etc.
- In FY 2023, certain operating costs decrease due to the elimination of commercial sanitation service currently provided by the City.
- Landfill expense is projected to increase at an average rate of 8.0% annually.
- Most operating costs are anticipated to increase at the forecast annual inflation rate of 3.0%.
- **The City will establish a truck replacement fund of \$130,000 annual transfer to cover the cost of truck replacements.**

TABLE ES-4

CITY OF SOMERTON	FORECAST SANITATION NET REVENUE REQUIREMENT									
	TY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Operating	\$ 565,000	\$ 481,062	\$ 504,033	\$ 528,302	\$ 553,974	\$ 581,138	\$ 609,865	\$ 640,280	\$ 672,493	\$ 706,647
Landfill Charges	268,000	241,702	261,053	281,919	304,482	328,869	355,147	383,530	414,179	447,349
Contingencies	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382
Capital Outlays	35,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Debt Service	37,000	37,000	37,000	37,000	37,000	-	-	-	-	-
Sub-Total	985,000	867,163	911,958	959,639	1,010,496	1,027,750	1,085,536	1,147,200	1,213,013	1,283,379
Truck Replacement Fund	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Total Cost of Service	1,115,000	997,163	1,041,958	1,089,639	1,140,496	1,157,750	1,215,536	1,277,200	1,343,013	1,413,379
Less Non-Rate Revenues	(22,500)	(22,618)	(23,162)	(23,721)	(24,298)	(24,894)	(25,504)	(26,132)	(26,779)	(27,450)
Net Revenue Requirement	1,092,500	974,546	1,018,795	1,065,918	1,116,198	1,132,856	1,190,032	1,251,068	1,316,234	1,385,929

Sanitation Proposed Rate Plan

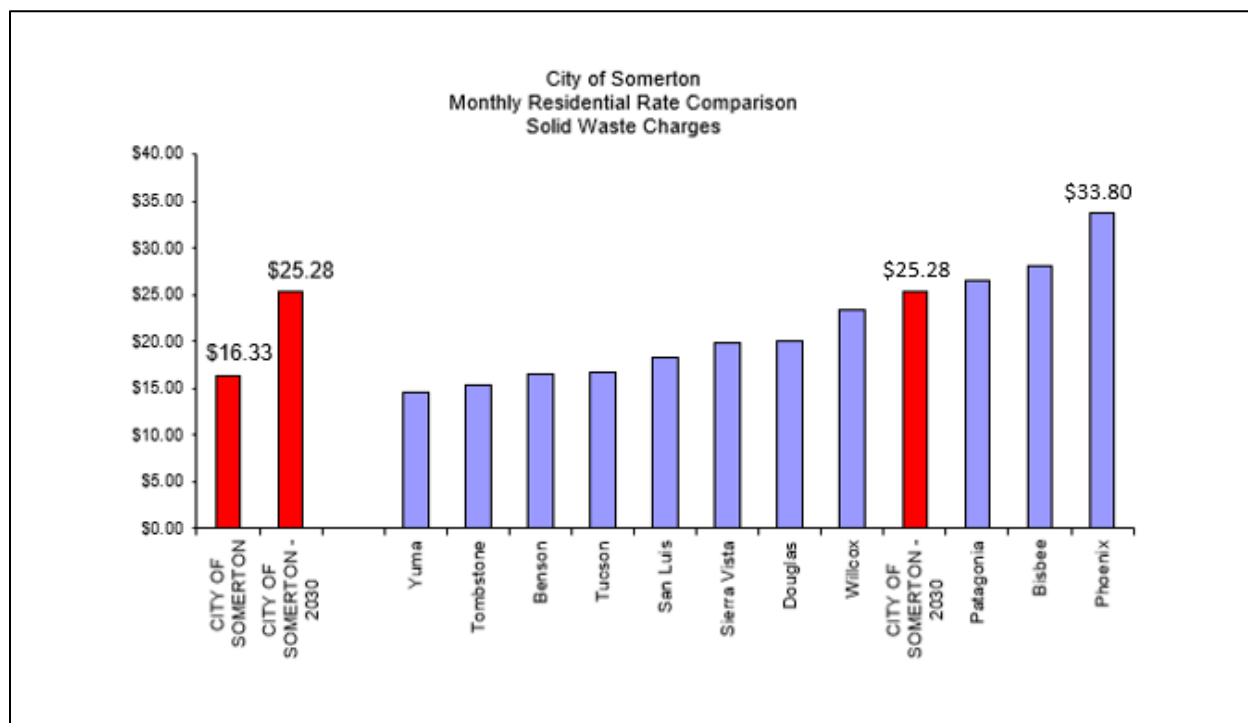
Table ES-5 and **Chart ES-6** presents: a) the City's proposed sanitation rate/fee design, b) the impact rate adjustments will have on customers, and c) a comparison of the proposed rate plan charges to fees charged residents in other Arizona communities. The following is notable about the rate/fee design:

- The rate design continues the City's policy of charging a monthly charge for two times a week pick-up service.
- The City plans to eliminate service to commercial customers in FY 2023.
- Fee changes are recommended to be implemented in July 2022 and every year thereafter.
- Following the implementation of the proposed fees Somerton's residential charges for sanitation will continue to be among the lowest when compared to other Arizona communities' charges for sanitation removal.
- Proposed rate plan will eliminate sanitation revenue shortfall by 2025.

TABLE ES-5

CITY OF SOMERTON										
SANITATION RECOMMENDED RATE PLAN										
	Current	Effective					Effective	Effective	Effective	Effective
		Jul-22	Jul-23	Jul-24	Jul-25	Jul-26	Jul-27	Jul-28	Jul-29	Jul-30
Solid Waste Monthly Fee - All Residential										
Residential	\$ 16.33	17.64	19.05	20.38	21.81	22.46	23.14	23.83	24.54	25.28
Increase - \$		1.31	1.41	1.33	1.43	0.65	0.67	0.69	0.71	0.74
Increase - %		8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%

CHART ES-6



SECTION I

Introduction and Demographic Profile

Background



In 2021 the City of Somerton, Arizona (“the City”) engaged **Willdan Financial Services** (Willdan) to conduct a sanitation rate study and long-term financial plan. This report presents the Willdan project team’s findings and recommendations resulting from the comprehensive sanitation rate study prepared for the City.

The City identified numerous objectives for this study, including but not limited to the following:

- A comprehensive analysis and evaluation of the sanitation system’s current cost of service and revenue requirements
- A forecast of sanitation operating and capital costs for a period of ten years into the future
- An estimate of current and forecast accounts for the ten-year forecast period
- A forecast of operating expenses over the next decade, taking into consideration such factors as inflation, system growth, and increases in staffing levels
- A thorough review and update of the sanitation system’s known capital improvement needs, as well as a determination of the need for funding capital requirements through the issuance of long-term debt
- A review of the adequacy and appropriateness of existing sanitation customer classes
- An evaluation of the current sanitation rate/fee structures and revenue recovered versus the revenue requirement, both overall and for each customer class
- A cost analysis of servicing the commercial customer class

After a series of discussions with City officials the project team narrowed its rate plan recommendations to recover the cost needed to provide the sanitation operations and services as contained in this study. The analysis and recommendations presented in this study achieve all objectives outlined.

Report Organization

This report is organized into the following sections:

Section I – Introduction and Demographic Profile - outlines the background, objectives and scope of this rate/fee study and long-term financial plan. This section also presents the City's current rate structures and a demographic profile of the City of Somerton. This includes a comparison of the City's sanitation charges with other Arizona cities.

Section II – Sanitation Cost of Service Analysis – Presents a detailed analysis of the City's cost of service for the collection of refuse from the residential and commercial customer classes and the resulting rate recommendations.

Appendix A – Presents a hard copy printout of the interactive Microsoft Excel spreadsheet model developed for the City to calculate current and future revenue requirements and rates for sanitation. The model automatically generates all calculations based on a set of defined user inputs.



City Background

Somerton was established in 1898, and was officially incorporated in 1918. The City of Somerton is located ten miles southwest of Yuma within Yuma County, Arizona bordering Mexico to the south and California to the west. It is located southwest of the junction between the Gila and Colorado Rivers. The City of Yuma covers an area of approximately 7.4 square miles and has an estimated 2020 population of 14,197¹.

Currently the City operates under a Council-Manager form of government. The City

government includes a Mayor, Vice Mayor and Five council members. The City Administrator reports to the Mayor, Vice Mayor and Council and the citizens of Somerton, and is responsible for the day-to-day operations of the City. All changes to the City's sanitation rate structure must be approved by a vote of the Mayor, Vice Mayor and Council.

Sanitation Current Rates

The City's rates for sanitation services are based on many factors including the classification of the account as either residential or commercial, the number of pick-ups per week and size of container. As shown in

¹ US Census

Table I-1, current rates for residential accounts provide for twice weekly collection from one container per account. Commercial accounts collections range from 2 to 6 times per week and size of container.

Residential sanitation accounts are charged \$16.33 per month and commercial 2 yard accounts are currently charged \$67.58 per month, \$135.15 per month, and \$202.73 monthly depending on the size of the container.

TABLE I-1

CITY OF SOMERTON				
CURRENT SOLID WASTE RATES				
*Rates do not include sales tax				
Residential Monthly Fees				
Two Time Weekly Pick-Up Trash			\$	16.33
Commercial Monthly Fees				
<u>Pick-ups per week</u>		<u>2 Yard</u>		<u>4 Yard</u>
2	\$	67.58	\$	135.15
3		101.36		202.73
4		135.15		270.30
5		168.94		337.88
6		202.73		405.45

Sanitation Rate Comparison

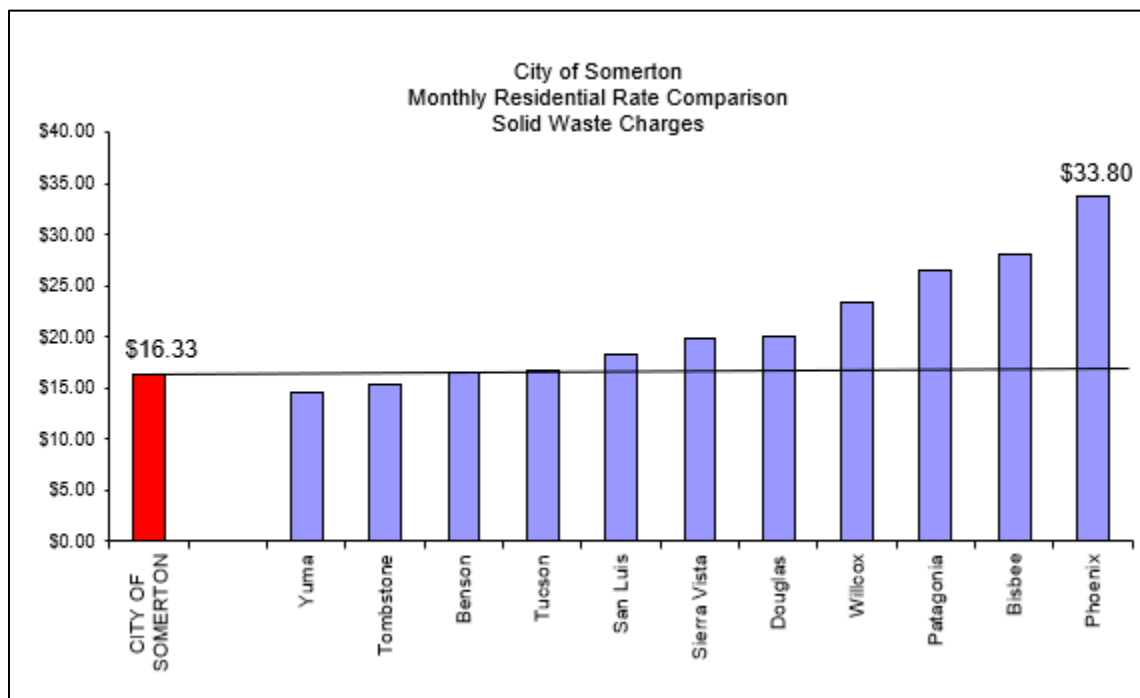
The project team conducted a survey of solid waste collection fees charged by eleven (11) communities in Arizona. The monthly cost in this sample for collection and disposal of trash, yard waste and recyclables ranged from \$14.68 to \$33.80. The variance depends in part on the number of collections per week. When compared to the monthly costs of other utilities and services such as cable television and cell phones, it is apparent that residential trash and recycling collection is a bargain for most homeowners. Considering that the average American generates approximately 4.5 pounds of trash each day (and reportedly the average Arizonian generates slightly more), this results in over 730,000 tons of trash created daily in the United States.

Table I-2 and **Chart I-3** present a sampling of the basic residential solid waste collection charges for many of the municipalities in Arizona. While each may vary slightly in the type or size of container required, and the number of collections per week, overall the services are similar enough to present a broad comparison.

Table I-2

Sampling of Arizons Cities Average Monthly Residential Sanitation Rates			
City	Sanitation Rate	Pick-ups per week	Container Size Gallons
CITY OF SOMERTON	\$ 16.33	2	90
Sierra Vista	19.81	2	65
Douglas	20.00	2	95
Phoenix	33.80	1	90
Benson	16.61	2	90
Patagonia	26.55	2	Bags
Willcox	23.49	2	Bags
San Luis	18.34	2	95
Bisbee**	28.17	1	300
Yuma	14.68	2	90
Tucson	16.75	1	95
Tombstone	15.33	1	100
Sample Average	\$ 20.82		
** Each block shares a dumpster			

Chart I-3



SECTION II

Sanitation Cost of Service Analysis and Rate Design



This section of the Sanitation Rate Study and Long-Term Financial Forecast focuses on the Sanitation Utility's revenue and cost of service forecast for the ten-year period FY 2022 - FY 2031. This section will include a detailed analysis of the City's cost of service for the collection of refuse from the residential and commercial customer classes and the resulting fee recommendations.

Using cost of service and projected accounts as a base, revenues by customer class are forecast for the ten-year period. Total revenues include non-rate revenues from sources other than monthly sanitation fees. The forecast also includes recommendations for the fee adjustments that will be required to ensure that the utility recovers sufficient revenues to fund operating and capital expenses.

This section concludes with the project team's rate recommendations for the current year and the forecast period.

Customer Accounts – Test Year

Table II-1 presents total customers by class and container size for test year FY 2022. As expected, residential customers represent the overwhelming majority of total customers. All residential and commercial customer containers are emptied at least twice each week. Some commercial accounts pay extra to have up to six pick-ups a week. There are additional fees for bigger size commercial containers.

Table II-1 reveals that for the test year 2022, the City is forecast to have a total of **3,779** residential accounts, **45** commercial accounts with 2 Cubic Yard containers, **32** commercial accounts with 4 Cubic Yard containers, and **11** commercial accounts with 6 Cubic Yard containers.

TABLE II-1

CITY OF SOMERTON		
FY 2022 SANITATION CUSTOMER BILLING UNITS		
	Customers	Percent
Residential	3,779	97.7%
2 Cubic Yard	45	1.2%
4 Cubic Yard	32	0.8%
6 Cubic Yard	11	0.3%
Grand Total	3,867	100.0%

Customer Accounts – Forecast

The City's sanitation cost of service is primarily a function of the number of collections required each week and the volume of waste disposed. As Somerton and the surrounding area grow in population, the demand for City services will increase.

The test year and forecast accounts by class are identified in **Table II-2**. Residential accounts are projected to grow by approximately 3% annually during the forecast period. The City plans to eliminate service to commercial customers in FY 2023. This projected growth is forecast to result in total accounts of **4,930** in FY 2031.

TABLE II-2

CITY OF SOMERTON										
FORECAST SANITATION CUSTOMERS BY CLASS										
	TY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Residential	3,779	3,892	4,009	4,129	4,253	4,381	4,512	4,647	4,786	4,930
2 Cubic Yard	45	-	-	-	-	-	-	-	-	-
4 Cubic Yard	32	-	-	-	-	-	-	-	-	-
6 Cubic Yard	11	-	-	-	-	-	-	-	-	-
Total	3,867	3,892	4,009	4,129	4,253	4,381	4,512	4,647	4,786	4,930

Revenue Requirement – Test Year

Table II-3 presents the City's FY 2022 sanitation revenue requirement. The following is notable:

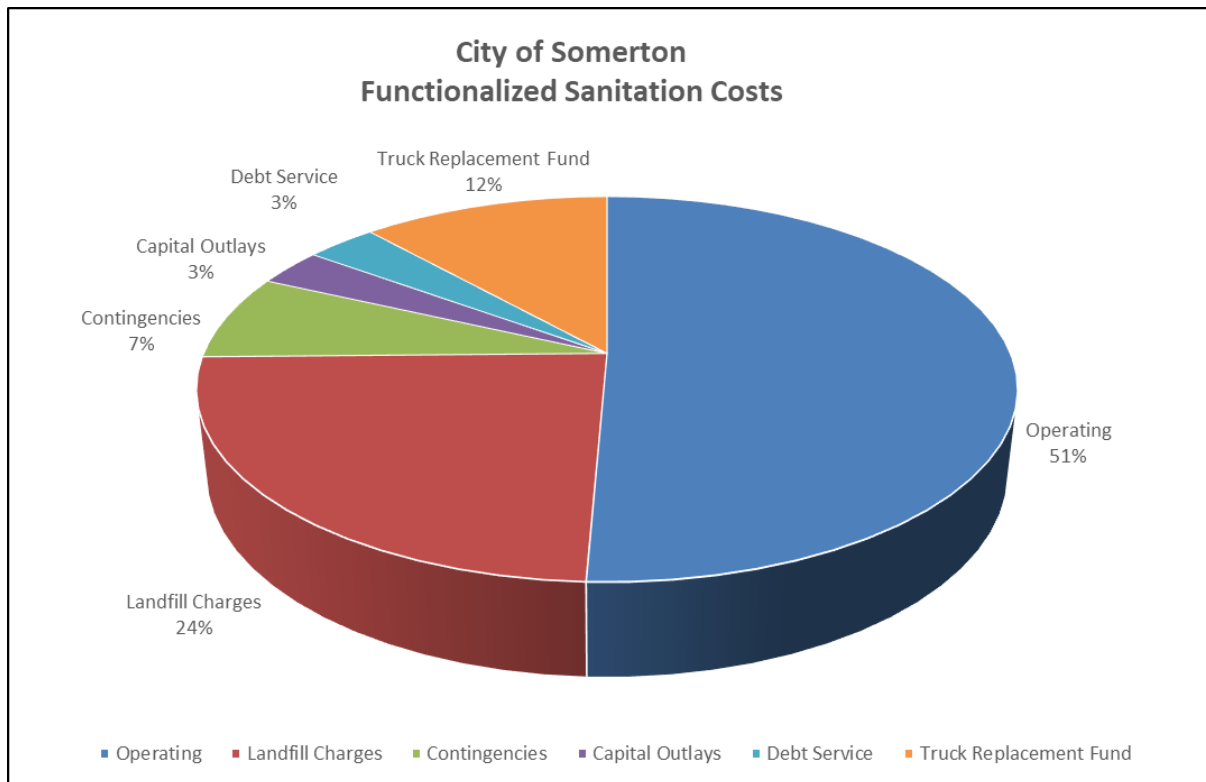
- Personnel expenses cover full-time employees, all of whom are dedicated to collection activities. Personnel expenses also cover additional costs associated with the administration and billing of sanitation customers.
- Landfill charges of \$268,000 for test year 2022 are included under professional fees and services.
- The largest element of cost is operating expenses, of which 32% is currently devoted to landfill charges.
- The second largest cost of operation is truck replacement costs. The City will establish a truck replacement fund of \$130,000 annual transfer to cover the cost of truck replacements.

TABLE II-3

CITY OF SOMERTON		
BUDGET OPERATING EXPENSES SOLID WASTE BUDGET SUMMARY		
Test Year 2022		
<u>Personnel/Operating</u>		
Salaries and Benefits	\$	374,500
Materials & Supplies		124,100
Professional Fees & Svcs		334,400
Total Operating Expense	\$	833,000
Capital Outlays	\$	35,000
Transfers	\$	210,000
Debt Service	\$	37,000
Total Cost of Service	\$	1,115,000
Non-Rate Revenue	\$	(22,500)
Revenue Requirement	\$	1,092,500

Chart II-4 below presents the functionalized revenue requirement for the test year FY 2022. Detailed calculations of these cost components are presented in the sanitation cost of service model contained in Appendix A of this analysis.

CHART II-4



Revenue Requirement -- Forecast

Table II-5 presents forecast net revenue requirement over the next ten years.

The following is notable about this forecast:

- Salaries and benefits are projected to increase at a rate of 3.0% annually except when costs are expected to increase at a higher rate, e.g., health insurance, etc.
- In FY 2023, certain operating costs decrease due to the elimination of commercial sanitation service currently provided by the City.
- Landfill expense is projected to increase at an average rate of 8.0% annually.
- Most operating costs are anticipated to increase at the forecast annual inflation rate of 3.0%.
- The City will establish a truck replacement fund of \$130,000 annual transfer to cover the cost of truck replacements.

TABLE II-5

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Landfill Charges	268,000	241,702	261,053	281,919	304,482	328,869	355,147	383,530	414,179	447,349
Contingencies	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382
Capital Outlays	35,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Debt Service	37,000	37,000	37,000	37,000	37,000	-	-	-	-	-
Sub-Total	985,000	867,163	911,958	959,639	1,010,496	1,027,750	1,085,536	1,147,200	1,213,013	1,283,379
Truck Replacement Fund	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Total Cost of Service	1,115,000	997,163	1,041,958	1,089,639	1,140,496	1,157,750	1,215,536	1,277,200	1,343,013	1,413,379
Less Non-Rate Revenues	(22,500)	(22,618)	(23,162)	(23,721)	(24,298)	(24,894)	(25,504)	(26,132)	(26,779)	(27,450)
Net Revenue Requirement	1,092,500	974,546	1,018,795	1,065,918	1,116,198	1,132,856	1,190,032	1,251,068	1,316,234	1,385,929

Proposed Rate Design

Rate Design involves determining charges for each class of customers that will generate a desired level of revenue. The sanitation rates developed in this section are designed to cover the revenue requirements presented for the test year and the forecast period. The rate recommendations developed for this study are based on the City's projected expenditures and growth.

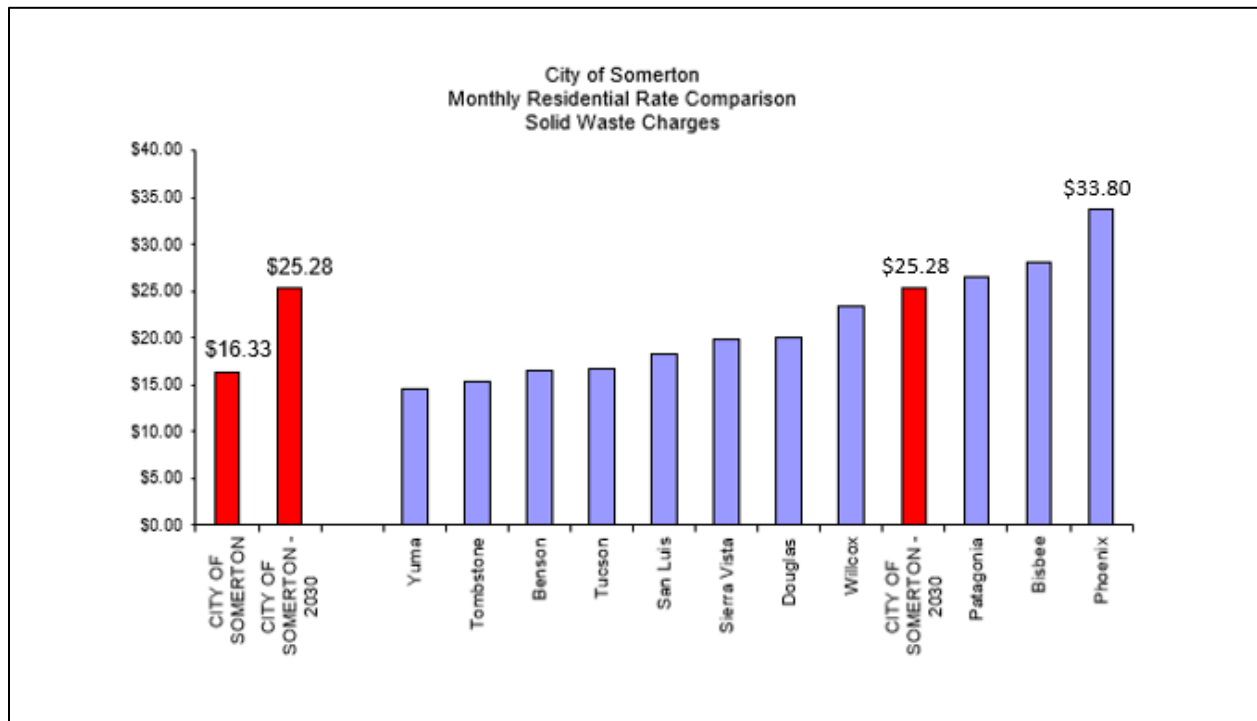
Table II-6 and **Chart II-7** presents: a) the City's proposed sanitation rate/fee design, b) the impact rate adjustments will have on customers, and c) a comparison of the proposed rate plan charges to fees charged residents in other Arizona communities. The following is notable about the rate/fee design:

- The rate design continues the City's policy of charging a monthly charge for two times a week pick-up service.
- The City plans to eliminate service to commercial customers in FY 2023.
- Fee changes are recommended to be implemented in July 2022 and every year thereafter.
- Following the implementation of the proposed fees Somerton's residential charges for sanitation will continue to be among the lowest when compared to other Arizona communities' charges for sanitation removal.
- Proposed rate plan will eliminate sanitation revenue shortfall by 2025.

TABLE II-6

CITY OF SOMERTON										
SANITATION RECOMMENDED RATE PLAN										
	Current	Effective					Effective	Effective	Effective	Effective
		Jul-22	Jul-23	Jul-24	Jul-25	Jul-26	Jul-27	Jul-28	Jul-29	Jul-30
Solid Waste Monthly Fee - All Residential										
Residential	\$ 16.33	17.64	19.05	20.38	21.81	22.46	23.14	23.83	24.54	25.28
Increase - \$		1.31	1.41	1.33	1.43	0.65	0.67	0.69	0.71	0.74
Increase - %		8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%

CHART II-7



Notes on Rate Recommendations

The forecast and recommendations presented in this study represent a combination of the best information available from the City and the project team's expertise. However, this forecast relies in part on assumptions about future events and events beyond the control of the project team (such as account growth rates within the City). The forecast and recommendations contained in this study may be subject to revision if any of the following events occurs:

- Actual growth in accounts is less than (or significantly greater than) forecast
- Capital funding costs increase significantly due to the rising cost of materials or other factors
- An unforeseen event impacts the City, such as a recession, natural catastrophe, or terrorist attack
- City budget levels or priorities change significantly from those forecast in this study

It should be noted that none of these events are foreseen by the project team or the City at this time.

If any of these events occur the City may be compelled to consider further adjustments to its sanitation rates.

Appendix A

<u>Forecast Period</u> 2022 -- 2031		CITY OF SOMERTON SANITATION COST OF SERVICE MODEL																				
Total Expense:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031											
Forecast SB -- Basic Summary Sanitation Financial Data Scen: 2022 05 03 -- Scenario I -- Replacement Fund																						
Residential Monthly Fee	\$	16.33	\$	17.64	\$	19.05	\$	20.38	\$	21.81	\$	22.46	\$	23.14	\$	23.83	\$	24.54	\$	25.28		
2	Total Accounts																					
Residential		3,779		3,892		4,009		4,129		4,253		4,381		4,512		4,647		4,786		4,930		
2 Cubic Yard		45		-		-		-		-		-		-		-		-		-		
4 Cubic Yard		32		-		-		-		-		-		-		-		-		-		
6 Cubic Yard		11		-		-		-		-		-		-		-		-		-		
Total		3,867		3,892		4,009		4,129		4,253		4,381		4,512		4,647		4,786		4,930		
Annual Percent Inc				0.7%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		
3	Fund Balance, Revenues and Expenses																					
Beginning Fund Balance	\$	194,974	\$	(14,326)	\$	(170,266)	\$	(278,390)	\$	(339,994)	\$	(349,304)	\$	(304,181)	\$	(244,614)	\$	(170,085)	\$	(80,114)		
Total Revenues																						
Residential		740,478		818,606		910,672		1,004,314		1,106,888		1,177,979		1,249,599		1,325,597		1,406,205		1,491,970		
2 Cubic Yard		37,709		-		-		-		-		-		-		-		-		-		
4 Cubic Yard		67,305		-		-		-		-		-		-		-		-		-		
6 Cubic Yard		37,707		-		-		-		-		-		-		-		-		-		
Total Monthly Fee Revenue		883,200		818,606		910,672		1,004,314		1,106,888		1,177,979		1,249,599		1,325,597		1,406,205		1,491,970		
Non-Rate Revenues		22,500		22,618		23,162		23,721		24,298		24,894		25,504		26,132		26,779		27,450		
Total Revenues		905,700		841,224		933,834		1,028,035		1,131,186		1,202,873		1,275,103		1,351,729		1,432,985		1,519,420		
Cost of Service:																						
Operating Expenses																						
Personnel		374,500		305,455		319,595		334,558		350,400		367,181		384,967		403,829		423,841		445,086		
Materials and Supplies		124,100		115,025		120,766		126,807		133,182		139,909		146,982		154,443		162,309		170,625		
Professional Fees & Services		334,400		302,284		324,724		348,856		374,874		402,918		433,062		465,539		500,522		538,286		
Total		833,000		722,763		765,086		810,221		858,455		910,008		965,012		1,023,810		1,086,672		1,153,997		
Net Revenues for Transfers, Cap Outlays and Debt		72,700		118,460		168,748		217,814		272,731		292,865		310,091		327,919		346,313		365,423		
Transfers		80,000		82,400		84,872		87,418		90,041		92,742		95,524		98,390		101,342		104,382		
Truck Replacement Fund		130,000		130,000		130,000		130,000		130,000		130,000		130,000		130,000		130,000		130,000		
Capital Outlays		35,000		25,000		25,000		25,000		25,000		25,000		25,000		25,000		25,000		25,000		
Total		245,000		237,400		239,872		242,418		245,041		247,742		250,524		253,390		256,342		259,382		
Net Revenues for Debt Service		(172,300)		(118,940)		(71,124)		(24,604)		27,690		45,123		59,567		74,529		89,971		106,041		
Debt Service																						
Existing		37,000		37,000		37,000		37,000		37,000		-		-		-		-		-		
Forecast		-		-		-		-		-		-		-		-		-		-		
Total		37,000		37,000		37,000		37,000		37,000		-		-		-		-		-		
Total Cost of Service		1,115,000		997,163		1,041,958		1,089,639		1,140,496		1,157,750		1,215,536		1,277,200		1,343,013		1,413,379		
Net Revenues		(209,300)		(155,940)		(108,124)		(61,604)		(9,310)		45,123		59,567		74,529		89,971		106,041		
Percent of COS																						
Ending Fund Balance	\$	(14,326)	\$	(170,266)	\$	(278,390)	\$	(339,994)	\$	(349,304)	\$	(304,181)	\$	(244,614)	\$	(170,085)	\$	(80,114)	\$	25,927		

Forecast Period 2022 -- 2031					CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Customer Class	Acct No	Total Cont.	Pickups/ Week	Current Monthly Rate	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Input Area -- Rate Calculator					9.0%	9.0%	9.0%	9.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Scenario: 2022 05 03 -- Scenario I -- Ref														
Sanitation Rates					Apr-22	Jul-22	Jul-23	Jul-24	Jul-25	Jul-26	Jul-27	Jul-28	Jul-29	Jul-30
Month Rate in Effect (July =1)					10	1	1	1	1	1	1	1	1	1
Percent Increase:														
Residential					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
2 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
4 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
6 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
4 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
6 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
8 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
10 Cubic Yard					0.0%	8.0%	8.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Special Service Fees					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Residential					(209,300)	(155,940)	(108,124)	(61,604)	(9,310)	45,123	59,567	74,529	89,971	106,041
Cost per Month					\$ 19.93	\$ 20.87	\$ 21.18	\$ 21.51	\$ 21.87	\$ 21.55	\$ 21.98	\$ 22.44	\$ 22.92	\$ 23.43
Residential	0	1	2	16.33	16.33	17.64	19.05	20.38	21.81	22.46	23.14	23.83	24.54	25.28
Other	0	0	0	-	-	-	-	-	-	-	-	-	-	-
Other	0	0	0	-	-	-	-	-	-	-	-	-	-	-
Other	0	0	0	-	-	-	-	-	-	-	-	-	-	-
					15.0%	9.0%	9.0%	6.0%	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%
2 Cubic Yard														
Cost per Month - 1 cont/1 weekly pick up					\$ 44.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 2 CY	0	1	2	67.58	67.58	72.99	78.83	84.34	90.25	92.95	95.74	98.62	101.57	104.62
Non-Residential -- 2 CY	0	1	3	101.36	101.36	109.47	118.23	126.50	135.36	139.42	143.60	147.91	152.35	156.92
Non-Residential -- 2 CY	0	1	4	135.15	135.15	145.96	157.64	168.67	180.48	185.90	191.47	197.22	203.13	209.23
Non-Residential -- 2 CY	0	1	5	168.94	168.94	182.46	197.05	210.85	225.60	232.37	239.34	246.52	253.92	261.54
Non-Residential -- 2 CY	0	1	6	202.73	202.73	218.95	236.46	253.02	270.73	278.85	287.22	295.83	304.71	313.85
4 Cubic Yard														
Cost per Month - 1 cont/1 weekly pick up					\$ 89.45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 4 CY	0	1	2	135.15	135.15	145.96	157.64	168.67	180.48	185.90	191.47	197.22	203.13	209.23
Non-Residential -- 4 CY	0	1	3	202.73	202.73	218.95	236.46	253.02	270.73	278.85	287.22	295.83	304.71	313.85
Non-Residential -- 4 CY	0	1	4	270.30	270.30	291.92	315.28	337.35	360.96	371.79	382.94	394.43	406.27	418.45
Non-Residential -- 4 CY	0	1	5	337.88	337.88	364.91	394.10	421.69	451.21	464.75	478.69	493.05	507.84	523.07
Non-Residential -- 4 CY	0	1	6	405.45	405.45	437.89	472.92	506.02	541.44	557.69	574.42	591.65	609.40	627.68
6 Cubic Yard														
Cost per Month - 1 cont/1 weekly pick up					\$ 134.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 6 CY	0	1	2	202.73	202.73	218.95	236.46	253.02	270.73	278.85	287.22	295.83	304.71	313.85
Non-Residential -- 6 CY	0	1	3	304.09	304.09	328.42	354.69	379.52	406.09	418.27	430.82	443.74	457.05	470.76
Non-Residential -- 6 CY	0	1	4	405.45	405.45	437.89	472.92	506.02	541.44	557.69	574.42	591.65	609.40	627.68
Non-Residential -- 6 CY	0	1	5	506.81	506.81	547.35	591.14	632.52	676.80	697.10	718.02	739.56	761.74	784.60
Non-Residential -- 6 CY	0	1	6	608.18	608.18	656.83	709.38	759.04	812.17	836.54	861.63	887.48	914.11	941.53
Special Service fees														
(Not included in cost of service or Revenue projections)														
Other	0	1	1		-	-	-	-	-	-	-	-	-	-
Other	0	1	1		-	-	-	-	-	-	-	-	-	-
Other	0	1	1		-	-	-	-	-	-	-	-	-	-
Other	0	1	1		-	-	-	-	-	-	-	-	-	-

Forecast Period 2022 -- 2031					CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Customer Class	Acct No	Total Cont.	Pickups/ Week	Current Monthly Rate	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Input Area -- Rate Calculator					9.0%	9.0%	9.0%	9.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Scenario: 2022 05 03 -- Scenario I -- Ref														
Commercial Compactor Fees -- Cu Yds														
(Not included in cost of service or Revenue projections)														
					-	-	-	-	-	-	-	-	-	-
					-	-	-	-	-	-	-	-	-	-
					-	-	-	-	-	-	-	-	-	-
					-	-	-	-	-	-	-	-	-	-
					-	-	-	-	-	-	-	-	-	-
Summary of Results -- Rate Calculator														
Sanitation Revenue					\$ 883,200	\$ 818,606	\$ 910,672	\$ 1,004,314	\$ 1,106,888	\$ 1,177,979	\$ 1,249,599	\$ 1,325,597	\$ 1,406,205	\$ 1,491,970
Sanitation Cost of Service					1,092,500	974,546	1,018,795	1,065,918	1,116,198	1,132,856	1,190,032	1,251,068	1,316,234	1,385,929
Amt Greater(Less Than) Cost Service					(209,300)	(155,940)	(108,124)	(61,604)	(9,310)	45,123	59,567	74,529	89,971	106,041
					-19.2%	-16.0%	-10.6%	-5.8%	-0.8%	4.0%	5.0%	6.0%	6.8%	7.7%
Days of Fund Balance					(6)	(86)	(133)	(153)	(149)	(122)	(93)	(61)	(27)	8
Annual Revenues including Fees														
Residential														
Residential	0	1	2		\$ 740,478	\$ 818,606	\$ 910,672	\$ 1,004,314	\$ 1,106,888	\$ 1,177,979	\$ 1,249,599	\$ 1,325,597	\$ 1,406,205	\$ 1,491,970
Other	0	0	0		-	-	-	-	-	-	-	-	-	-
Other	0	0	0		-	-	-	-	-	-	-	-	-	-
Other	0	0	0		-	-	-	-	-	-	-	-	-	-
Total Residential					740,478	818,606	910,672	1,004,314	1,106,888	1,177,979	1,249,599	1,325,597	1,406,205	1,491,970
2 Cubic Yard														
Non-Residential -- 2 CY - Special Pic	0	1	1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 2 CY	0	1	2		34,060	-	-	-	-	-	-	-	-	-
Non-Residential -- 2 CY	0	1	3		3,649	-	-	-	-	-	-	-	-	-
Non-Residential -- 2 CY	0	1	4		-	-	-	-	-	-	-	-	-	-
Non-Residential -- 2 CY	0	1	5		-	-	-	-	-	-	-	-	-	-
Sub-Total					37,709	-	-	-	-	-	-	-	-	-
Plus:					-	-	-	-	-	-	-	-	-	-
Non-Residential -- 2 CY	0	1	6		-	-	-	-	-	-	-	-	-	-
Total					37,709	-	-	-	-	-	-	-	-	-
4 Cubic Yard														
Non-Residential -- 4 CY	0	1	1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 4 CY	0	1	2		37,301	-	-	-	-	-	-	-	-	-
Non-Residential -- 4 CY	0	1	3		9,731	-	-	-	-	-	-	-	-	-
Non-Residential -- 4 CY	0	1	4		-	-	-	-	-	-	-	-	-	-
Non-Residential -- 4 CY	0	1	5		20,273	-	-	-	-	-	-	-	-	-
Non-Residential -- 4 CY	0	1	6		-	-	-	-	-	-	-	-	-	-

Forecast Period 2022 -- 2031					CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Customer Class	Acct No	Total Cont.	Pickups/ Week	Current Monthly Rate	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Input Area -- Rate Calculator					9.0%	9.0%	9.0%	9.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Scenario: 2022 05 03 -- Scenario I -- Reg														
Total					67,305	-	-	-	-	-	-	-	-	-
6 Cubic Yard														
Non-Residential -- 6 CY	0	1	1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential -- 6 CY	0	1	2		14,597	-	-	-	-	-	-	-	-	-
Non-Residential -- 6 CY	0	1	3		10,947	-	-	-	-	-	-	-	-	-
Non-Residential -- 6 CY	0	1	4		-	-	-	-	-	-	-	-	-	-
Non-Residential -- 6 CY	0	1	5		12,163	-	-	-	-	-	-	-	-	-
Non-Residential -- 6 CY	0	1	6		-	-	-	-	-	-	-	-	-	-
Total					37,707	-	-	-	-	-	-	-	-	-

Forecast Period 2022 -- 2031					CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Customer Class	Acct No	Total Cont.	Pickups/ Week	Current Monthly Rate	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Input Area -- Rate Calculator					9.0%	9.0%	9.0%	9.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Scenario: 2022 05 03 -- Scenario I -- Reg														
Total Rate and Fee Revenues					\$ 883,200	\$ 818,606	\$ 910,672	\$ 1,004,314	\$ 1,106,888	\$ 1,177,979	\$ 1,249,599	\$ 1,325,597	\$ 1,406,205	\$ 1,491,970
883,200														
Special Service Fee Revenues														
0	Other				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
	0 Other				-	-	-	-	-	-	-	-	-	-
Sub-Total Special Service Fees					-	-	-	-	-	-	-	-	-	-
TOTAL SW Annual Rate & Fee Revenues					\$ 883,200	\$ 818,606	\$ 910,672	\$ 1,004,314	\$ 1,106,888	\$ 1,177,979	\$ 1,249,599	\$ 1,325,597	\$ 1,406,205	\$ 1,491,970

Forecast Period 2022 -- 2031					CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Customer Class	Acct No	Total Cont.	Pickups/ Week	Current Monthly Rate	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Input Area -- Rate Calculator					9.0%	9.0%	9.0%	9.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Scenario: 2022 05 03 -- Scenario I -- Ref														
Calculation Area														
Sanitation Revenues														
Total Residential					\$ 740,478	\$ 818,606	\$ 910,672	\$ 1,004,314	\$ 1,106,888	\$ 1,177,979	\$ 1,249,599	\$ 1,325,597	\$ 1,406,205	\$ 1,491,970
2 Cubic Yard					37,709	-	-	-	-	-	-	-	-	-
4 Cubic Yard					67,305	-	-	-	-	-	-	-	-	-
6 Cubic Yard					37,707	-	-	-	-	-	-	-	-	-
4 Cubic Yard					-	-	-	-	-	-	-	-	-	-
6 Cubic Yard					-	-	-	-	-	-	-	-	-	-
8 Cubic Yard					-	-	-	-	-	-	-	-	-	-
10 Cubic Yard					-	-	-	-	-	-	-	-	-	-
Special Service Fee Revenues					-	-	-	-	-	-	-	-	-	-
Total Sanitation Revenues					883,200	818,606	910,672	1,004,314	1,106,888	1,177,979	1,249,599	1,325,597	1,406,205	1,491,970
Sanitation Cost of Service														
Total Residential					\$ 903,582	\$ 974,546	\$ 1,018,795	\$ 1,065,918	\$ 1,116,198	\$ 1,132,856	\$ 1,190,032	\$ 1,251,068	\$ 1,316,234	\$ 1,385,929
2 Cubic Yard					49,913	-	-	-	-	-	-	-	-	-
4 Cubic Yard					89,092	-	-	-	-	-	-	-	-	-
6 Cubic Yard					49,913	-	-	-	-	-	-	-	-	-
4 Cubic Yard					-	-	-	-	-	-	-	-	-	-
6 Cubic Yard					-	-	-	-	-	-	-	-	-	-
8 Cubic Yard					-	-	-	-	-	-	-	-	-	-
10 Cubic Yard					-	-	-	-	-	-	-	-	-	-
Special Service Fee Items					na	na	na	na	na	na	na	na	na	na
Total Sanitation Cost of Service					1,092,500	974,546	1,018,795	1,065,918	1,116,198	1,132,856	1,190,032	1,251,068	1,316,234	1,385,929
Amount Greater/(Less Than) COS														
Total Residential					\$ (163,104)	\$ (155,940)	\$ (108,124)	\$ (61,604)	\$ (9,310)	\$ 45,123	\$ 59,567	\$ 74,529	\$ 89,971	\$ 106,041
2 Cubic Yard					(12,204)	-	-	-	-	-	-	-	-	-
4 Cubic Yard					(21,787)	-	-	-	-	-	-	-	-	-
6 Cubic Yard					(12,206)	-	-	-	-	-	-	-	-	-
4 Cubic Yard					-	-	-	-	-	-	-	-	-	-
6 Cubic Yard					-	-	-	-	-	-	-	-	-	-
8 Cubic Yard					-	-	-	-	-	-	-	-	-	-
10 Cubic Yard					-	-	-	-	-	-	-	-	-	-
Special Service Fee Revenues					-	-	-	-	-	-	-	-	-	-
Net Revenues					(209,300)	(155,940)	(108,124)	(61,604)	(9,310)	45,123	59,567	74,529	89,971	106,041

CITY OF SOMERTON					
SANITATION COST OF SERVICE MODEL					
<u>Test Year</u>					
2022					
Total					
Budget	Collection	Disposal	Admin	Billing	

Schedule Test Year S 1.0 -- Sanitation Department Cost Functionalization**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****OPERATING EXPENSES****SANITATION DEPARTMENT EXPENDITURES****Personnel**

0	SALARIES AND WAGES	\$ 238,000	\$ 119,000	\$ -	\$ 59,500	\$ 59,500
0	PART TIME WAGES	1,100	550	-	275	275
0	OVERTIME WAGES	2,800	1,400	-	700	700
0	MEDICAL INSURANCE	56,200	28,100	-	14,050	14,050
0	SOCIAL SECURITY (FICA)	18,500	9,250	-	4,625	4,625
0	WORKERS' COMPENSATION	12,500	6,250	-	3,125	3,125
0	RETIREMENT	29,900	14,950	-	7,475	7,475
0	SAFETY, DRUG TEST & PHYSICALS	500	250	-	125	125
0	EDUCATION AND TRAINING	1,000	500	-	250	250
0	UNIFORM ALLOWANCE	2,500	1,250	-	625	625
0	TRAVEL	1,000	500	-	250	250
0	DUES/SUBSCRIPTIONS/MEMBERSHIPS	500	250	-	125	125
0	CONTRACT LABOR	10,000	5,000	-	2,500	2,500
	Total	374,500	187,250	-	93,625	93,625
		100.0%	50.0%	0.0%	25.0%	25.0%

NON-PERSONNEL**Materials & Supplies**

0	OTHER MATERIALS AND SUPPLIES	30,000	15,000	-	7,500	7,500
0	REPAIR/MAINTENANCE - EQUIPMENT	50,000	50,000	-	-	-
0	BUILDING MAINTENANCE	500	500	-	-	-
0	OFFICE & COMPUTER EQUIPMENT	500	250	-	125	125
0	PERMITS AND LICENSES	2,000	-	-	2,000	-
0	REPAIR/MAINTENANCE - VEHICLE	4,400	4,400	-	-	-
0	GASOLINE AND OIL	30,000	30,000	-	-	-
0	TELEPHONE	3,000	1,500	-	750	750
0	UTILITIES	2,000	1,000	-	500	500
0	OFFICE SUPPLIES	200	100	-	50	50
0	PRINTING	1,500	750	-	375	375
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-

		CITY OF SOMERTON SANITATION COST OF SERVICE MODEL				
<u>Test Year</u> 2022		Total Budget	Collection	Disposal	Admin	Billing
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
Total		124,100	103,500	-	11,300	9,300
Percent of Total		100.0%	83.4%	0.0%	9.1%	7.5%
Professional Fees & Svcs						
0	COMPUTER SOFTWARE & SUPPORT	\$ 2,000	\$ 1,000	\$ -	\$ 500	\$ 500
0	ADVERTISING	300	-	-	300	-
CIP	OTHER SERVICES	-	-	-	-	-
0	ON-LINE BILL PAY	9,000	-	-	-	9,000
0	INSURANCE & BONDS	14,000	-	-	14,000	-
0	LANDFILL CHARGES	268,000	-	268,000	-	-
0	PAYROLL PROCESSING	1,000	500	-	250	250
0	PART TIME WAGES	21,800	10,900	-	5,450	5,450
0	SOCIAL SECURITY (FICA)	1,700	850	-	425	425
0	WORKERS' COMPENSATION	1,600	800	-	400	400
0	CONTRACT LABOR	10,000	10,000	-	-	-
CIP	OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
0	REPAIR/MAINTENANCE - EQUIPMENT	2,000	2,000	-	-	-
0	REPAIR/ MAINTENANCE BUILDING	500	250	-	125	125
0	UTILITIES	2,500	1,250	-	625	625
CIP	OTHER SERVICES	-	-	-	-	-

**CITY OF SOMERTON
SANITATION COST OF SERVICE MODEL**

Test Year
2022

		Total Budget	Collection	Disposal	Admin	Billing
CIP	CONSTRUCTION	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
0	Other	-	-	-	-	-
	Total	334,400	27,550	268,000	22,075	16,775
	Percent of Total	100.0%	8.2%	80.1%	6.6%	5.0%
Total Operations Before Transfers		833,000	318,300	268,000	127,000	119,700
	Percent of Total	100.0%	38.2%	32.2%	15.2%	14.4%

FUND TRANSFERS

Fund Transfers

	CONTINGENCY	\$	80,000	\$	-	\$	-	\$	80,000	\$	-
CIP	TRANSFERS OUT/OTHER USES - CIP		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
0	Other		-		-		-		-		-
	Sub-Total		<u>80,000</u>		<u>-</u>		<u>-</u>		<u>80,000</u>		<u>-</u>
	Truck Replacement Fund		<u>130,000</u>		<u>130,000</u>		<u>-</u>		<u>-</u>		<u>-</u>
	Fund Transfers		210,000		130,000		-		80,000		-
	Percent of Total		100.0%		61.9%		0.0%		38.1%		0.0%

CITY OF SOMERTON
SANITATION COST OF SERVICE MODEL

Test Year
2022

**Total
Budget**

Collection

Disposal

Admin

Billing

Total Operating Expenses	\$	1,043,000	\$	448,300	\$	268,000	\$	207,000	\$	119,700
Percent of Total		100.0%		43.0%		25.7%		19.8%		11.5%

Total Personnel	\$	374,500	\$	187,250	\$	-	\$	93,625	\$	93,625
Total Materials & Supplies		124,100		103,500		-		11,300		9,300
Total Professional Fees & Svcs		334,400		27,550		268,000		22,075		16,775
Total Transfers		<u>210,000</u>		<u>130,000</u>		<u>-</u>		<u>80,000</u>		<u>-</u>
Total O&M		1,043,000		448,300		268,000		207,000		119,700

CAPITAL OUTLAYS

Capital Outlays	\$	35,000	\$	35,000	\$	-	\$	-	\$	-
Total Capital Outlays	\$	35,000	\$	35,000	\$	-	\$	-	\$	-
Operating, Transfers, Capital Outlays	\$	1,078,000	\$	483,300	\$	268,000	\$	207,000	\$	119,700
		100.00%		44.83%		24.86%		19.20%		11.10%

DEBT SERVICE

Existing					
P&I	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -
Reserve	-	-	-	-	-
Sub-Total	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Proposed</i>						
P&I	\$	-	na	na	na	na
Reserve		-	na	na	na	na
<i>Sub-Total</i>	\$	-	\$ -	\$ -	\$ -	\$ -

Total Debt Service	\$	37,000	\$	37,000	\$	-	\$	-	\$	-
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Total Sanitation Cost of Service	\$ 1,115,000	\$ 520,300	\$ 268,000	\$ 207,000	\$ 119,700
Percent of Total	100.00%	46.66%	24.04%	18.57%	10.74%

Less Non-Rate Revenues	(22,500)	(10,499)	(5,408)	(4,177)	(2,415)
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Net Sanitation Revenue Requirement	\$	1,092,500	\$	509,801	\$	262,592	\$	202,823	\$	117,285
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CITY OF SOMERTON SANITATION COST OF SERVICE MODEL					
<u>Test Year</u> 2022	Total Sanitation	Collection	Disposal	Administration	Billing

Schedule Test Year S 2.0 -- Sanitation Cost Classification**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****Total Sanitation Expense**

Personnel	\$ 374,500	\$ 187,250	\$ -	\$ 93,625	\$ 93,625
Materials & Supplies	124,100	103,500	-	11,300	9,300
Professional Fees & Svcs	334,400	27,550	268,000	22,075	16,775
Fund Transfers	210,000	130,000	-	80,000	-
Capital Outlays	35,000	35,000	-	-	-
Debt Service	37,000	37,000	-	-	-
Total	1,115,000	520,300	268,000	207,000	119,700
Percentage	100.0%	46.7%	24.0%	18.6%	10.7%

Allocation of Administration:

Total Sewer less Admin	\$ 908,000	\$ 520,300	\$ 268,000	na	\$ 119,700
Percent of Total	<u>100.0%</u>	<u>57.3%</u>	<u>29.5%</u>	<u>na</u>	<u>13.2%</u>
Administration Allocation	207,000	118,615	61,097	na	27,288

Sub-Total	\$ 1,115,000	\$ 638,915	\$ 329,097	na	\$ 146,988
Sub-Total Percentage	100.00%	57.30%	29.52%	na	13.18%

Non-Rate Revenues	\$ (22,500)	\$ (12,893)	\$ (6,641)	na	\$ (2,966)
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Total Sanitation Cost Classification	\$ 1,092,500	\$ 626,022	\$ 322,456	na	\$ 144,022
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Test Year 2022		CITY OF SOMERTON SANITATION COST OF SERVICE MODEL	

Schedule Test Year S3.0 -- Sanitation Cost-Based Rates

Scen: 2022 05 03 -- Scenario I -- Replacement Fund

	Customers	Total Pickups	Calculated Gallons	Percentage
Residential	3,779	392,987	35,368,819	82.7%
2 Cubic Yard	45	4,836	1,953,744	4.6%
4 Cubic Yard	32	4,316	3,487,328	8.2%
6 Cubic Yard	11	1,612	1,953,744	4.6%
4 Cubic Yard	-	-	-	0.0%
6 Cubic Yard	-	-	-	0.0%
8 Cubic Yard	-	-	-	0.0%
10 Cubic Yard	-	-	-	0.0%
	3,867	403,751	42,763,635	100.0%

	Percentage	Total	Collection	Disposal	Billing
Total Cost of Service		\$ 1,092,500	\$ 626,022	\$ 322,456	\$ 144,022
Cost by Customer Class					
Residential	82.7%	\$ 903,582	\$ 517,768	\$ 266,696	\$ 119,118
2 Cubic Yard	4.6%	49,913	28,601	14,732	6,580
4 Cubic Yard	8.2%	89,092	51,051	26,296	11,745
6 Cubic Yard	4.6%	49,913	28,601	14,732	6,580
4 Cubic Yard	0.0%	-	-	-	-
6 Cubic Yard	0.0%	-	-	-	-
8 Cubic Yard	0.0%	-	-	-	-
10 Cubic Yard	0.0%	-	-	-	-
	100.0%	1,092,500	626,022	322,456	144,022

	Cost of Service	Total Customers	Total Pickups	Cost Per Pickup
Rate Calculation				
Residential	\$ 903,582	3,779	392,987	\$ 2.30
2 Cubic Yard	49,913	45	4,836	10.32
4 Cubic Yard	89,092	32	4,316	20.64
6 Cubic Yard	49,913	11	1,612	30.96
4 Cubic Yard	-	-	-	-
6 Cubic Yard	-	-	-	-
8 Cubic Yard	-	-	-	-
10 Cubic Yard	-	-	-	-
	1,092,500	3,867	403,751	

Forecast S 4.0 -- Sanitation Utility Cost of Service
Scen: 2022 05 03 -- Scenario I -- Replacement Fund

Materials & Supplies	124,100	115,025	120,766	126,807	133,182	139,909	146,982	154,443	162,309	170,625
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	COMPUTER SOFTWARE & SUPPORT	\$	2,000	\$	2,060	\$	2,122	\$	2,185	\$	2,251	\$	2,319	\$	2,388	\$	2,460	\$	2,534	\$	2,610
0	ADVERTISING		300		309		318		328		338		348		358		369		380		391
CIP	OTHER SERVICES		-		-		-		-		-		-		-		-		-		-
0	ON-LINE BILL PAY		9,000		9,329		9,889		10,482		11,111		11,779		12,484		13,025		14,025		14,868
0	INSURANCE & BONDS		14,000		14,700		15,435		16,207		17,017		17,868		18,761		19,699		20,684		21,719
0	LANDFILL CHARGES		268,000		241,702		261,053		281,919		304,482		328,869		355,147		383,530		414,179		447,349
0	PAYROLL PROCESSING		1,000		1,030		1,061		1,093		1,126		1,159		1,194		1,230		1,267		1,305
0	PART TIME WAGES		21,800		17,440		17,963		18,502		19,057		19,629		20,218		20,824		21,449		22,092
0	SOCIAL SECURITY (FICA)		1,700		1,445		1,561		1,685		1,820		1,966		2,123		2,293		2,476		2,675
0	WORKERS' COMPENSATION		1,600		1,360		1,469		1,586		1,713		1,850		1,998		2,158		2,331		2,517
0	CONTRACT LABOR		10,000		8,500		9,180		9,914		10,708		11,564		12,489		13,488		14,568		15,733
CIP	OTHER MATERIALS AND SUPPLIES		-		-		-		-		-		-		-		-		-		-
0	REPAIR/MAINTENANCE - EQUIPMENT		2,000		1,764		1,870		1,982		2,101		2,227		2,360		2,502		2,652		2,811

Forecast S 4.0 -- Sanitation Utility Cost of Service
Scen: 2022 05 03 -- Scenario I -- Replacement Fund

FUND TRANSFERS



WILLDAN

<u>Forecast Period</u> 2022 -- 2031	CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
	Total Expense:									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

Forecast S 4.0 -- Sanitation Utility Cost of Service**Scen: 2022 05 03 -- Scenario I -- Replacement Fund**

Truck Replacement Fund	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Total Fund Transfers	210,000	212,400	214,872	217,418	220,041	222,742	225,524	228,390	231,342	234,382
Total Op Exp & Fund Transfers	\$ 1,043,000	\$ 935,163	\$ 979,958	\$ 1,027,639	\$ 1,078,496	\$ 1,132,750	\$ 1,190,536	\$ 1,252,200	\$ 1,318,013	\$ 1,388,379

CAPITAL OUTLAYS

Total Capital Outlays	\$ 35,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total Operating/Non-Dept/Cap Outlays	\$ 1,078,000	\$ 960,163	\$ 1,004,958	\$ 1,052,639	\$ 1,103,496	\$ 1,157,750	\$ 1,215,536	\$ 1,277,200	\$ 1,343,013	\$ 1,413,379

DEBT SERVICE

<i>Existing</i>										
P&I	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Future</i>										
P&I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cost of Service	1,115,000	997,163	1,041,958	1,089,639	1,140,496	1,157,750	1,215,536	1,277,200	1,343,013	1,413,379

CITY OF SOMERTON SANITATION COST OF SERVICE MODEL												
Forecast Period 2022 -- 2031		Allocation	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
		%										

Forecast S 5.0 -- Sanitation Utility Cost Functionalization**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****SANITATION DEPARTMENT EXPENDITURES****Personnel**

Collection	50.00%	\$	187,250	\$	152,728	\$	159,798	\$	167,279	\$	175,200	\$	183,591	\$	192,484	\$	201,914	\$	211,921	\$	222,543
Disposal	0.00%		-		-		-		-		-		-		-		-		-		-
Administration	25.00%		93,625		76,364		79,899		83,640		87,600		91,795		96,242		100,957		105,960		111,271
Billing	<u>25.00%</u>		<u>93,625</u>		<u>76,364</u>		<u>79,899</u>		<u>83,640</u>		<u>87,600</u>		<u>91,795</u>		<u>96,242</u>		<u>100,957</u>		<u>105,960</u>		<u>111,271</u>
Total	100.00%	\$	374,500	\$	305,455	\$	319,595	\$	334,558	\$	350,400	\$	367,181	\$	384,967	\$	403,829	\$	423,841	\$	445,086

Materials & Supplies

Collection	83.40%	\$	103,500	\$	95,931	\$	100,719	\$	105,757	\$	111,074	\$	116,684	\$	122,584	\$	128,806	\$	135,366	\$	142,302
Disposal	0.00%		-		-		-		-		-		-		-		-		-		-
Administration	9.11%		11,300		10,474		10,996		11,546		12,127		12,739		13,384		14,063		14,779		15,536
Billing	<u>7.49%</u>		<u>9,300</u>		<u>8,620</u>		<u>9,050</u>		<u>9,503</u>		<u>9,981</u>		<u>10,485</u>		<u>11,015</u>		<u>11,574</u>		<u>12,163</u>		<u>12,787</u>
Total	100.00%	\$	124,100	\$	115,025	\$	120,766	\$	126,807	\$	133,182	\$	139,909	\$	146,982	\$	154,443	\$	162,309	\$	170,625

Professional Fees & Svcs

Collection	8.24%	\$	27,550	\$	24,904	\$	26,753	\$	28,741	\$	30,884	\$	33,195	\$	35,678	\$	38,354	\$	41,236	\$	44,347
Disposal	80.14%		268,000		242,261		260,246		279,586		300,437		322,913		347,071		373,099		401,136		431,402
Administration	6.60%		22,075		19,955		21,436		23,029		24,747		26,598		28,588		30,732		33,041		35,534
Billing	<u>5.02%</u>		<u>16,775</u>		<u>15,164</u>		<u>16,290</u>		<u>17,500</u>		<u>18,805</u>		<u>20,212</u>		<u>21,724</u>		<u>23,354</u>		<u>25,108</u>		<u>27,003</u>
Total	100.00%	\$	334,400	\$	302,284	\$	324,724	\$	348,856	\$	374,874	\$	402,918	\$	433,062	\$	465,539	\$	500,522	\$	538,286

Transfers

Collection	61.90%	\$	130,000	\$	131,486	\$	133,016	\$	134,592	\$	136,216	\$	137,888	\$	139,610	\$	141,384	\$	143,211	\$	145,094
Disposal	0.00%		-		-		-		-		-		-		-		-		-		-
Administration	38.10%		80,000		80,914		81,856		82,826		83,825		84,854		85,914		87,006		88,130		89,288
Billing	<u>0.00%</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total	100.00%		210,000		212,400		214,872		217,418		220,041		222,742		225,524		228,390		231,342		234,382

Capital Outlays

Collection		\$	35,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000
Disposal			-		-		-		-		-		-		-		-		-		-
Admin			-		-		-		-		-		-		-		-		-		-
Administration			-		-		-		-		-		-		-		-		-		-
Total Capital Outlays		\$	35,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000	\$	25,000

Forecast Period		CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
2022 -- 2031		Allocation									
%	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	

Forecast S 5.0 -- Sanitation Utility Cost Functionalization**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****Debt Service***Existing*

Collection	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -

Future

Collection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Debt Service

Collection	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Billing	-	-	-	-	-	-	-	-	-	-
Total Debt Service	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -

Total Sanitation Expenditures

Collection	\$ 520,300	\$ 467,048	\$ 482,286	\$ 498,370	\$ 515,374	\$ 496,358	\$ 515,356	\$ 535,459	\$ 556,735	\$ 579,286
Disposal	268,000	242,261	260,246	279,586	300,437	322,913	347,071	373,099	401,136	431,402
Administration	207,000	187,707	194,188	201,041	208,299	215,987	224,127	232,758	241,911	251,630
Billing	119,700	100,148	105,239	110,643	116,386	122,492	128,981	135,885	143,232	151,061
Total	1,115,000	997,163	1,041,958	1,089,639	1,140,496	1,157,750	1,215,536	1,277,200	1,343,013	1,413,379

<u>Forecast Period</u> 2022 -- 2031		CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
Allocation											
%		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

Forecast S 6.0 -- Sanitation Cost Classification**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****Total Sanitation Costs**

Collection	\$	520,300	\$	467,048	\$	482,286	\$	498,370	\$	515,374	\$	496,358	\$	515,356	\$	535,459	\$	556,735	\$	579,286
Disposal		268,000		242,261		260,246		279,586		300,437		322,913		347,071		373,099		401,136		431,402
Administration		207,000		187,707		194,188		201,041		208,299		215,987		224,127		232,758		241,911		251,630
Billing		119,700		100,148		105,239		110,643		116,386		122,492		128,981		135,885		143,232		151,061
Total Sanitation Costs		1,115,000		997,163		1,041,958		1,089,639		1,140,496		1,157,750		1,215,536		1,277,200		1,343,013		1,413,379
		1,115,000																		

Non-Administration Costs:

Collection		520,300		467,048		482,286		498,370		515,374		496,358		515,356		535,459		556,735		579,286
Disposal		268,000		242,261		260,246		279,586		300,437		322,913		347,071		373,099		401,136		431,402
Billing		119,700		100,148		105,239		110,643		116,386		122,492		128,981		135,885		143,232		151,061
Sub-Total		908,000		809,457		847,770		888,598		932,197		941,763		991,409		1,044,443		1,101,102		1,161,748

Allocation Percentages:

Collection		57.30%		57.70%		56.89%		56.08%		55.29%		52.71%		51.98%		51.27%		50.56%		49.86%
Disposal		29.52%		29.93%		30.70%		31.46%		32.23%		34.29%		35.01%		35.72%		36.43%		37.13%
Billing		13.18%		12.37%		12.41%		12.45%		12.49%		13.01%		13.01%		13.01%		13.01%		13.00%
Sub-Total		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%

Allocation of Administration

Collection	\$	118,615	\$	108,305	\$	110,471	\$	112,754	\$	115,160	\$	113,836	\$	116,506	\$	119,329	\$	122,314	\$	125,471
Disposal		61,097		56,178		59,611		63,255		67,132		74,058		78,462		83,147		88,129		93,440
Billing		27,288		23,223		24,106		25,032		26,006		28,093		29,159		30,282		31,468		32,719
Total		207,000		187,707		194,188		201,041		208,299		215,987		224,127		232,758		241,911		251,630

Allocation of Non-Rate Revenues

Collection		12,893		13,050		13,177		13,304		13,433		13,120		13,257		13,397		13,540		13,687
Disposal		6,641		6,769		7,110		7,463		7,831		8,536		8,928		9,335		9,756		10,193
Billing		2,966		2,798		2,875		2,954		3,034		3,238		3,318		3,400		3,483		3,569
Total		22,500		22,618		23,162		23,721		24,298		24,894		25,504		26,132		26,779		27,450

Total Sanitation Classification

Collection		626,022		562,303		579,580		597,820		617,101		597,074		618,605		641,390		665,508		691,069
Disposal		322,456		291,670		312,746		335,377		359,739		388,435		416,605		446,911		479,509		514,649
Billing		144,022		120,573		126,469		132,721		139,359		147,347		154,822		162,767		171,216		180,211
Total		1,092,500		974,546		1,018,795		1,065,918		1,116,198		1,132,856		1,190,032		1,251,068		1,316,234		1,385,929

Forecast Period
2022 -- 2031

CITY OF SOMERTON
SANITATION COST OF SERVICE MODEL

2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Forecast S 7.0 -- Sanitation Cost-Based Rates

Scen: 2022 05 03 -- Scenario I -- Replacement Fund

Total Customers

Residential	3,779	3,892	4,009	4,129	4,253	4,381	4,512	4,647	4,786	4,930
2 Cubic Yard	45	-	-	-	-	-	-	-	-	-
4 Cubic Yard	32	-	-	-	-	-	-	-	-	-
6 Cubic Yard	11	-	-	-	-	-	-	-	-	-
4 Cubic Yard	-	-	-	-	-	-	-	-	-	-
6 Cubic Yard	-	-	-	-	-	-	-	-	-	-
8 Cubic Yard	-	-	-	-	-	-	-	-	-	-
10 Cubic Yard	-	-	-	-	-	-	-	-	-	-
Total	3,867	3,892	4,009	4,129	4,253	4,381	4,512	4,647	4,786	4,930
New Accts		25	117	120	124	128	131	135	139	144
Percent Increase		0.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Total Gallons Picked Up

Residential	35,368,819	36,429,120	37,524,240	38,647,440	39,808,080	41,006,160	42,232,320	43,495,920	44,796,960	46,144,800
2 Cubic Yard	1,953,744	-	-	-	-	-	-	-	-	-
4 Cubic Yard	3,487,328	-	-	-	-	-	-	-	-	-
6 Cubic Yard	1,953,744	-	-	-	-	-	-	-	-	-
4 Cubic Yard	-	-	-	-	-	-	-	-	-	-
6 Cubic Yard	-	-	-	-	-	-	-	-	-	-
8 Cubic Yard	-	-	-	-	-	-	-	-	-	-
10 Cubic Yard	-	-	-	-	-	-	-	-	-	-
Total	42,763,635	36,429,120	37,524,240	38,647,440	39,808,080	41,006,160	42,232,320	43,495,920	44,796,960	46,144,800
		-14.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Percentage -- Total Gallons Picked Up

Residential	82.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2 Cubic Yard	4.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4 Cubic Yard	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6 Cubic Yard	4.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4 Cubic Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6 Cubic Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8 Cubic Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10 Cubic Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Total Sanitation Cost of Service

Residential	\$ 903,582	\$ 974,546	\$ 1,018,795	\$ 1,065,918	\$ 1,116,198	\$ 1,132,856	\$ 1,190,032	\$ 1,251,068	\$ 1,316,234	\$ 1,385,929
2 Cubic Yard	49,913	-	-	-	-	-	-	-	-	-
4 Cubic Yard	89,092	-	-	-	-	-	-	-	-	-
6 Cubic Yard	49,913	-	-	-	-	-	-	-	-	-
4 Cubic Yard	-	-	-	-	-	-	-	-	-	-
6 Cubic Yard	-	-	-	-	-	-	-	-	-	-
8 Cubic Yard	-	-	-	-	-	-	-	-	-	-
10 Cubic Yard	-	-	-	-	-	-	-	-	-	-
Total	1,092,500	974,546	1,018,795	1,065,918	1,116,198	1,132,856	1,190,032	1,251,068	1,316,234	1,385,929

<u>Forecast Period</u> 2022 -- 2031	CITY OF SOMERTON SANITATION COST OF SERVICE MODEL									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

Forecast S 7.0 -- Sanitation Cost-Based Rates**Scen: 2022 05 03 -- Scenario I -- Replacement Fund****Residential**

Cost of Service	\$	903,582	\$	974,546	\$	1,018,795	\$	1,065,918	\$	1,116,198	\$	1,132,856	\$	1,190,032	\$	1,251,068	\$	1,316,234	\$	1,385,929
Total Customers		3,779		3,892		4,009		4,129		4,253		4,381		4,512		4,647		4,786		4,930
Total Pickups		392,987		404,768		416,936		429,416		442,312		455,624		469,248		483,288		497,744		512,720
Cost Per Pickup	\$	2.30	\$	2.41	\$	2.44	\$	2.48	\$	2.52	\$	2.49	\$	2.54	\$	2.59	\$	2.64	\$	2.70

2 Cubic Yard

Cost of Service	\$	49,913	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Customers		45		-		-		-		-		-		-		-		-		-
Total Pickups		4,836		-		-		-		-		-		-		-		-		-
Cost Per Pickup	\$	10.32	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

4 Cubic Yard

Cost of Service	\$	89,092	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Customers		32		-		-		-		-		-		-		-		-		-
Total Pickups		4,316		-		-		-		-		-		-		-		-		-
Cost Per Pickup	\$	20.64	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

6 Cubic Yard

Cost of Service	\$	49,913	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Customers		11		-		-		-		-		-		-		-		-		-
Total Pickups		1,612		-		-		-		-		-		-		-		-		-
Cost Per Pickup	\$	30.96	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

CITY OF SOMERTON SANITATION COST OF SERVICE MODEL											
Forecast Period 2022 -- 2031											
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		

Forecast S 8.0 -- Sanitation Cost-Based Cost Per Customer Per Month

Scen: 2022 05 03 -- Scenario I -- Replacement Fund

Residential

Cost Per Pickup			\$	2.30	\$	2.41	\$	2.44	\$	2.48	\$	2.52	\$	2.49	\$	2.54	\$	2.59	\$	2.64	\$	2.70
Containers	Pickups Week	Annual Pickups																				
1	1	52	\$	9.96	\$	10.43	\$	10.59	\$	10.76	\$	10.94	\$	10.77	\$	10.99	\$	11.22	\$	11.46	\$	11.71
1	1	52		9.96		10.43		10.59		10.76		10.94		10.77		10.99		11.22		11.46		11.71
2	1	104		19.93		20.87		21.18		21.51		21.87		21.55		21.98		22.44		22.92		23.43
3	1	156		29.89		31.30		31.77		32.27		32.81		32.32		32.97		33.65		34.38		35.14
4	1	208		39.85		41.73		42.35		43.03		43.74		43.10		43.96		44.87		45.84		46.85
5	1	260		49.82		52.17		52.94		53.78		54.68		53.87		54.95		56.09		57.30		58.57
6	1	312		59.78		62.60		63.53		64.54		65.61		64.65		65.94		67.31		68.75		70.28

2 Cubic Yard

Cost Per Pickup			\$	10.32	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Containers	Pickups Week	Annual Pickups																				
1	1	52	\$	44.72	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1	1	52		44.72		-		-		-		-		-		-		-		-		-
1	2	104		89.45		-		-		-		-		-		-		-		-		-
1	3	156		134.17		-		-		-		-		-		-		-		-		-
1	4	208		178.90		-		-		-		-		-		-		-		-		-
1	5	260		223.62		-		-		-		-		-		-		-		-		-
1	6	312		268.35		-		-		-		-		-		-		-		-		-

4 Cubic Yard

Cost Per Pickup			\$	20.64	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Containers	Pickups Week	Annual Pickups																				
1	1	52	\$	89.45	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1	1	52		89.45		-		-		-		-		-		-		-		-		-
1	2	104		178.90		-		-		-		-		-		-		-		-		-
1	3	156		268.35		-		-		-		-		-		-		-		-		-
1	4	208		357.80		-		-		-		-		-		-		-		-		-
1	5	260		447.25		-		-		-		-		-		-		-		-		-
1	6	312		536.70		-		-		-		-		-		-		-		-		-

6 Cubic Yard

Cost Per Pickup			\$	30.96	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Containers	Pickups Week	Annual Pickups																				
1	1	52	\$	134.17	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1	1	52		134.17		-		-		-		-		-		-		-		-		-
1	2	104		268.35		-		-		-		-		-		-		-		-		-
1	3	156		402.52		-		-		-		-		-		-		-		-		-
1	4	208		536.70		-		-		-		-		-		-		-		-		-
1	5	260		670.87		-		-		-		-		-		-		-		-		-
1	6	312		805.05		-		-		-		-		-		-		-		-		-



CITY OF SOMERTON

2022 Sanitation Rate Study

City Council Presentation

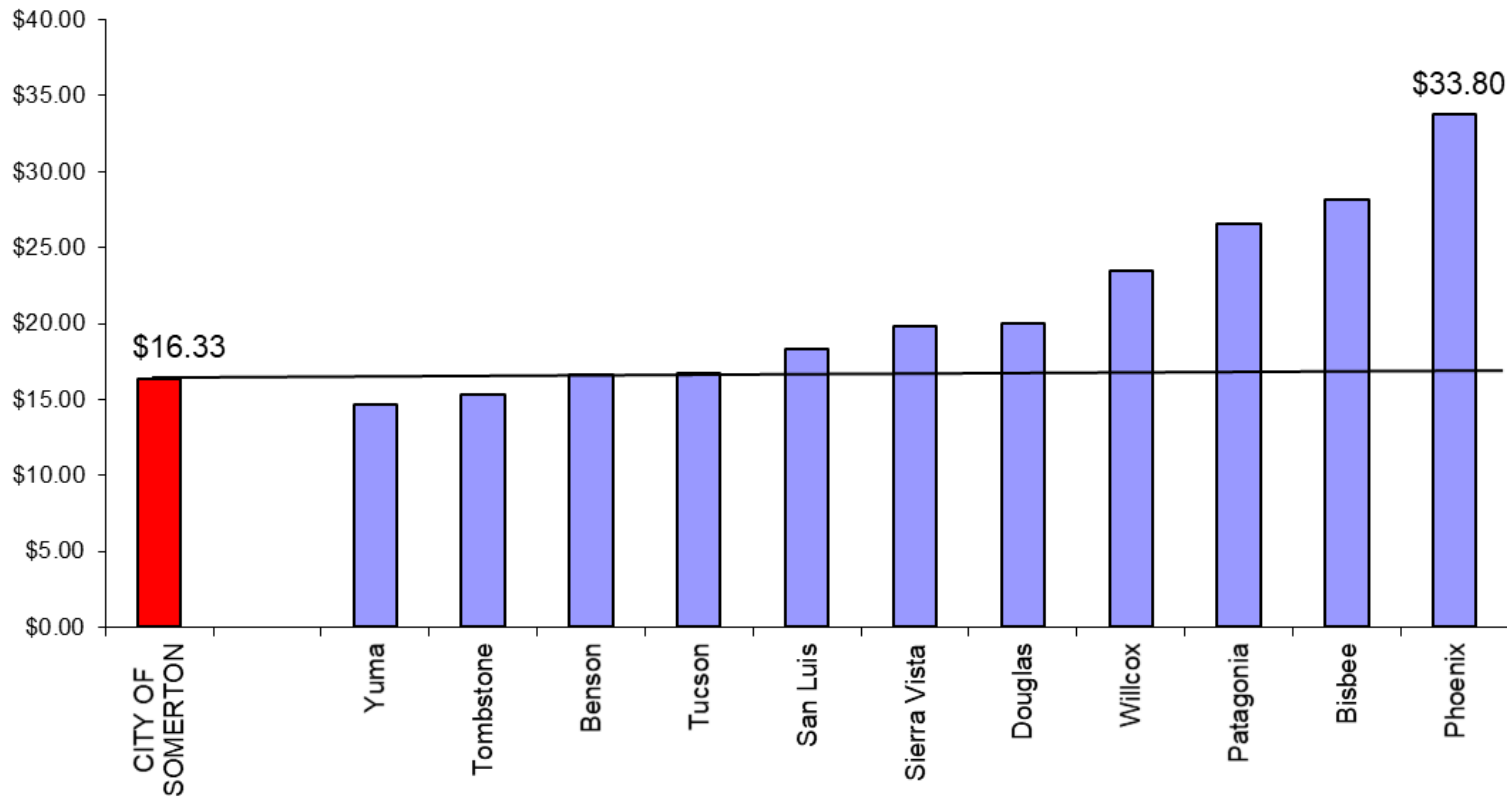
May 2022

The seal of the City of Somerton, Arizona, established in 1898. It is a circular emblem with a black border. Inside the border, the words "CITY OF" are at the top and "ARIZONA 1898" is at the bottom, separated by two small stars. The center of the seal features a stylized landscape with a yellow sun rising over a blue and red horizon, with green hills below. The word "SOMERTON" is written in bold, black, sans-serif capital letters across the middle of the landscape.

Two Time Weekly Pick-Up Trash	\$	16.33
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<u>Pick-ups per week</u>	<u>2 Yard</u>	<u>4 Yard</u>	<u>6 Yard</u>
2	\$ 67.58	\$ 135.15	\$ 202.73
3	101.36	202.73	304.09
4	135.15	270.30	405.45
5	168.94	337.88	506.81
6	202.73	405.45	608.18

Residential Sanitation Rate Comparison



Test Year Sanitation Accounts



	Customers	Percent
Residential	3,779	97.7%
2 Cubic Yard	45	1.2%
4 Cubic Yard	32	0.8%
6 Cubic Yard	11	0.3%
Grand Total	3,867	100.0%

Forecast Assumptions

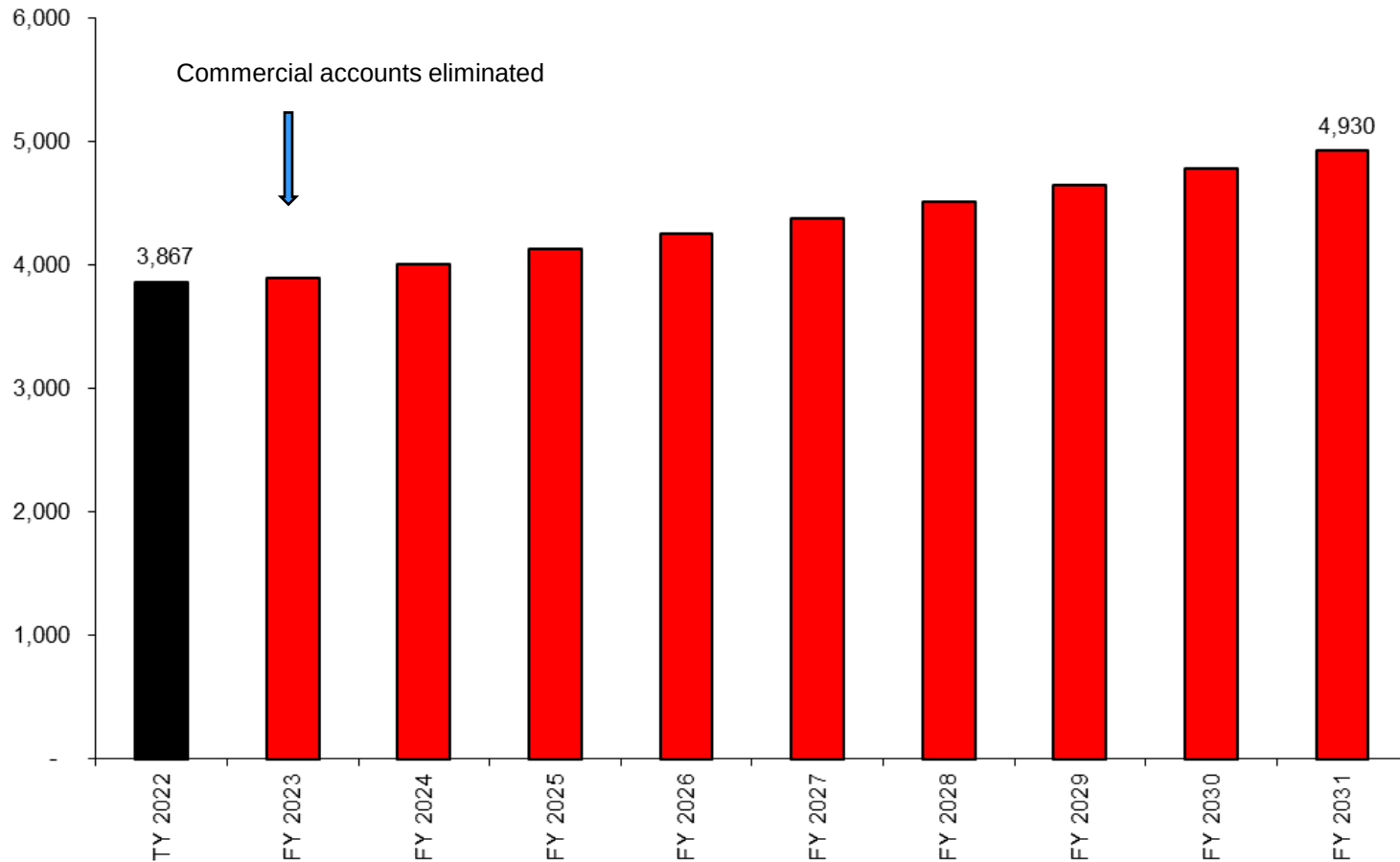


- No change in two pickup per week policy
- Most expenses increase 3.0% per year
- Some expenses (insurance/workers comp/health care) will increase at higher rates or with customer growth
- City eliminates commercial accounts in FY 2023
- Key impact: **financing the City's new and replacement trucks over the next decade**

Forecast Sanitation Accounts



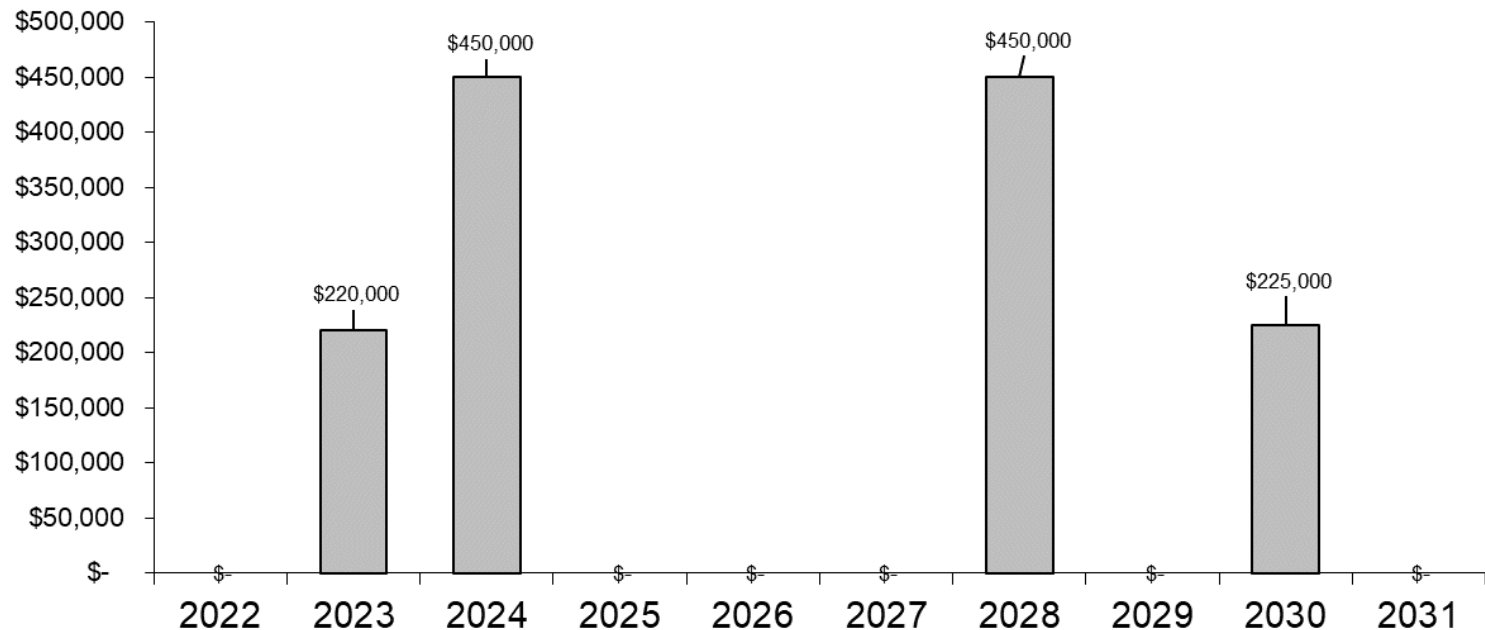
Average Annual Increase = 130 accounts



Forecast Truck Replacements



Total = \$1,345,000



Notes on Rate Proposal



- Recommend **5-year plan** to phase in rates that ensure revenues recover entire cost of service by 2025
- City would use reserve funds to cover deficits prior to 2025
- City establishes a \$130,000 contribution per year to fund truck replacements



Sanitation Utility Forecast Cost of Service



	TY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating	\$ 565,000	\$ 481,062	\$ 504,033	\$ 528,302	\$ 553,974	\$ 581,138
Landfill Charges	268,000	241,702	261,053	281,919	304,482	328,869
Contingencies	80,000	82,400	84,872	87,418	90,041	92,742
Capital Outlays	35,000	25,000	25,000	25,000	25,000	25,000
Debt Service	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>	<u>-</u>
Sub-Total	985,000	867,163	911,958	959,639	1,010,496	1,027,750
Truck Replacement Fund	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>
Total Cost of Service	1,115,000	997,163	1,041,958	1,089,639	1,140,496	1,157,750

NOTE: assumes commercial accounts eliminated in FY 2023

Sanitation Scenario I

Proposed Residential Monthly Charges



		Effective				
	Current	Jul-22	Jul-23	Jul-24	Jul-25	Jul-26
Solid Waste Monthly Fee - All Residential						
Residential	\$ 16.33	17.64	19.05	20.38	21.81	22.46
Increase - \$		1.31	1.41	1.33	1.43	0.65
Increase - %		8.0%	8.0%	7.0%	7.0%	3.0%
Increase - %		12.0%	9.0%	9.0%	9.0%	9.0%
March 2022 Presentation						

Presentation Summary



- At present Sanitation revenues are not covering all costs
- Proposed plan will eliminate revenue shortfall by 2025
- Monthly fees forecast to remain significantly below national average
- Average impact = \$1.30-\$1.40 per month each of next four years



Questions?





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