

# Killeen Rate Study Update July 2016

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City of Killeen

SCS ENGINEERS

# Presentation Overview

- Master Plan Review
- Scenarios and Recommendations
- Rate Study Overview
- 2016 Updates to Rate Model



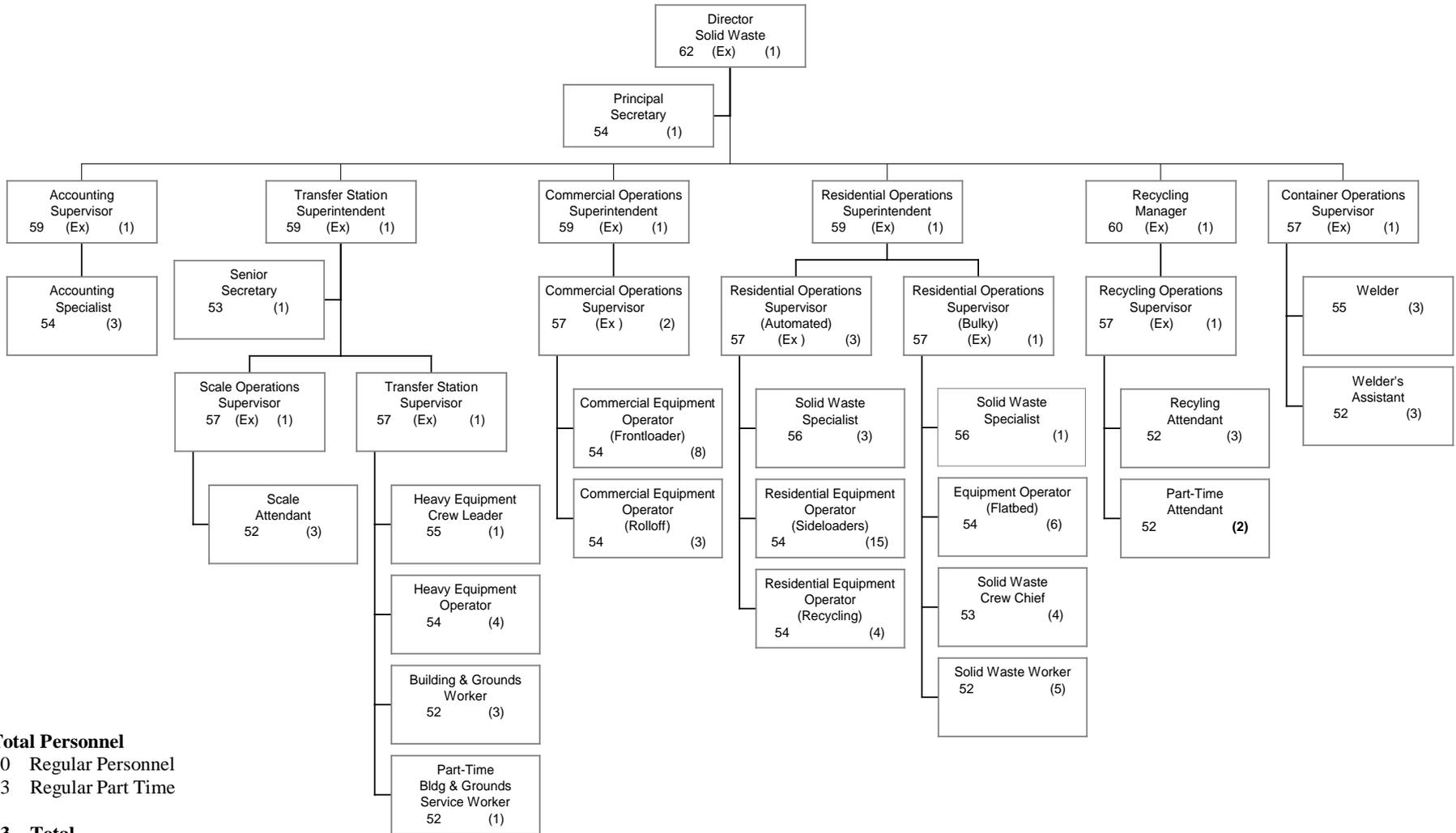
# Solid Waste Division

- Collection: Residential and Commercial
- Transfer Station
- Recycling
- Composting
- Administration
- Total Personnel: 93
- Annual Budget: \$16 Million

# SOLID WASTE SERVICES

## CURRENT ORGANIZATIONAL CHART

AS OF 02/24/2014



**Total Personnel**

90 Regular Personnel

3 Regular Part Time

**93 Total**

# Summary of Collection Division Services and Resources

| Services    | Accounts | Staff  | Routes  | Equipment  |
|-------------|----------|--|---|--|
| Residential | 46,000   | 2 – Administration<br>4 – Accounting<br>43 – Residential | – Side-Loader Routes<br>– Rear-Loader Routes<br>– Front-Loader Routes | 15 – Automated Side Loaders (3 )<br>4 – Rear-Loaders (1 )  |
| Commercial  | 1,723    | 21 – Commercial<br>7 – Recycling<br>16 - Transfer        | – Grapple Truck<br>– Roll-Off Truck (On Call)                         | 7 – Front-End Loaders (2)<br>6 – Grapple Trucks (1)<br>4 – Roll Off Trucks (1)<br>2 – Recycle Trucks |

**Note:** Number within ( ) refers to spares

# Assessment of Alternatives

## Scenarios

- 1. The current solid waste system including the existing collection, recycling programs and current transfer and disposal operations.**
- 2. Add a fleet replacement program to improve performance of the collection fleet and reduce maintenance costs.**
- 3. Add single-stream curbside collection of recyclables and development of a material recovery facility to be jointly developed and operated by the City and Fort Hood with additional participation by other local governments.**
- 4. Add single-stream curbside recycling service to the existing solid waste system and contract with a private entity to process recyclables.**
- 5. End the subscription curbside collection of recyclables.**

# Recommendations & Implementation

## Recommendations

- 1. Develop and implement an equipment replacement plan to replace and maintain the solid waste fleet for improved performance and reduced maintenance costs.**
- 2. End the curbside subscription recycling service and reallocate resources to improve the efficiency of the City's recycling programs.**
- 3. Add curbside collection of recyclables to the entire City and further evaluate the development of a MRF to be jointly developed and operated by the City and Fort Hood with additional participation by other local governments.**
- 4. Add curbside collection of yard wastes to the existing system to be delivered to Bell County WCID composting facility for processing.**
- 5. Increase the commercial recycling efforts to capture a larger percentage of marketable recyclables to provide additional revenue.**

# Solid Waste Rate Study

- ☒ Rate adjustments based on existing system with improvements
- ☒ Estimate revenue requirements
- ☒ Allocate revenue requirements for each customer class
- ☒ Design rates for each customer group
- ☒ Evaluate how rates conform to objectives

# Previous Rate Structure

| Item                                      | Rate  |                      |         |         |         |         |         |   |
|---|---|----------------------|---------|---------|---------|---------|---------|---|
| Residential                               |   |                      |         |         |         |         |         |   |
| 96-gallon container                       | \$17.50 per month   |                      |         |         |         |         |         |   |
| 64-gallon container                       | \$15.60 per month   |                      |         |         |         |         |         |   |
| 32-gallon container                       | \$14.38 per month   |                      |         |         |         |         |         |   |
| Free Disposal                             | <300 Pounds at Transfer Station; >\$2.93 Per 100 Pounds       |                      |         |         |         |         |         |   |
| Premium Service                           | \$22.00 For Truck to Come to Location                         |                      |         |         |         |         |         |   |
| Curbside Recycling (Subscription Service) | \$2.48 per month<br>\$11.09 Additional Bins<br>\$3.57 Lid Fee |                      |         |         |         |         |         |   |
| Commercial                                |   | Collections Per Week |         |         |         |         |         |   |
| Dumpster Size (CY)*:                      |   | 1                    | 2       | 3       | 4       | 5       | 6       | 7 |
| 2   | 73.02   | 111.37               | 155.76  | 200.15  | 245.48  | 288.92  | 333.31  |   |
| 3   | 89.12   | 138.24               | 194.70  | 251.18  | 307.65  | 364.12  | 420.59  |   |
| 4   | 104.24  | 164.19               | 232.74  | 301.27  | 369.85  | 588.78  | 506.96  |   |
| 6   | 136.47  | 217.92               | 310.64  | 403.35  | 496.07  | 739.17  | 681.49  |   |
| 8   | 168.69  | 271.51               | 388.51  | 505.40  | 622.27  |         | 856.05  |   |
| Roll Off Service:                         |   |                      |         |         |         |         |         |   |
| 20 (Open Top)                             | 399.00  | 695.40               | 991.80  | 1299.20 | 1584.50 | 1881.00 | 2177.40 |   |
| 30 (Open top)                             | 484.50  | 839.04               | 1194.72 | 1550.40 | 1906.08 | 2261.76 | 2575.26 |   |
| 40 (Open Top)                             | 558.60  | 974.70               | 1390.80 | 1803.48 | 1217.30 | 2631.12 | 3047.22 |   |

\*Extra pickups and additional pickups on site charged additional fees.

# Fleet Replacement Breakdown

| FLEET REPLACEMENT FUND       | Year               |  |                    |                    |                    |                    |                    |
|------------------------------|--------------------|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|                              | Actual             |  | Proposed           |                    |                    |                    |                    |
|                              | FY2015             |  | FY2016             | FY2017             | FY2018             | FY2019             | FY2020             |
| Proposed                     | \$2,546,084        |  | \$2,584,275        | \$2,623,039        | \$2,683,369        | \$2,745,087        | \$2,808,224        |
| Fleet                        |                    |  | \$1,984,275        | \$2,023,039        | \$2,069,569        | \$2,117,169        | \$2,165,864        |
| Admin                        |                    |  | \$600,000          | \$600,000          | \$613,800          | \$627,917          | \$642,360          |
| Residential - Motor Vehicles | \$1,021,654        |  | \$1,421,351        | \$1,442,672        | \$1,475,853        | \$1,509,798        | \$1,544,523        |
| Residential - Equipment      | \$0                |  | \$0                | \$0                | \$0                | \$0                | \$0                |
| Commercial - Motor Vehicles  | \$1,293,486        |  | \$904,496          | \$918,064          | \$939,179          | \$960,780          | \$982,878          |
| Commercial - Equipment       | \$0                |  | \$0                | \$0                | \$0                | \$0                | \$0                |
| Transfer - Motor Vehicles    | \$0                |  | \$0                | \$0                | \$0                | \$0                | \$0                |
| Transfer - Equipment         | \$149,369          |  | \$175,629          | \$178,263          | \$182,363          | \$186,558          | \$190,849          |
| Mowing - Motor Vehicles      | \$33,181           |  | \$33,679           | \$34,184           | \$34,970           | \$35,774           | \$36,597           |
| Mowing - Equipment           | \$0                |  | \$0                | \$0                | \$0                | \$0                | \$0                |
| Recycling - Motor Vehicles   | \$48,394           |  | \$49,120           | \$49,857           | \$51,003           | \$52,176           | \$53,377           |
| Recycling - Equipment        | \$0                |  | \$0                | \$0                | \$0                | \$0                | \$0                |
| <b>TOTAL</b>                 | <b>\$2,546,084</b> |  | <b>\$2,584,275</b> | <b>\$2,623,039</b> | <b>\$2,683,369</b> | <b>\$2,745,087</b> | <b>\$2,808,224</b> |

# Scenario Breakdown

| Scenario 2 - Fleet Replacement Program                | Fiscal Years        |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | FY2014              | FY2015              | FY2016              | FY2017              | FY2018              | FY2019              | FY2020              |
| Projected Revenue Needed                              |                     |                     |                     |                     |                     |                     |                     |
| Current Program                                       | \$15,841,286        | \$17,384,694        | \$17,636,117        | \$17,888,108        | \$18,282,574        | \$18,690,558        | \$18,378,388        |
| <b>Total Rev Needed</b>                               | <b>\$15,841,286</b> | <b>\$17,384,694</b> | <b>\$17,636,117</b> | <b>\$17,888,108</b> | <b>\$18,282,574</b> | <b>\$18,690,558</b> | <b>\$18,378,388</b> |
| Projected Revenue                                     | \$15,303,527        | \$16,549,090        | \$17,766,378        | \$17,997,107        | \$18,230,836        | \$18,467,602        | \$18,707,447        |
| Additional Revenue Needed                             | \$537,759           | \$835,604           | (\$130,261)         | (\$108,999)         | \$51,738            | \$222,956           | (\$329,059)         |
| Working Capital                                       | \$0                 | \$4,006,736         | \$5,638,303         | \$5,747,302         | \$5,695,564         | \$5,472,608         | \$5,801,667         |
| Projected Residential Cans                            | 46,000              | 46,598              | 47,204              | 47,817              | 48,439              | 49,069              | 49,707              |
| <b>Add. cost per Res. Can/month (75% of Add. Rev)</b> | <b>\$0.73</b>       | <b>\$1.12</b>       | <b>(\$0.17)</b>     | <b>(\$0.14)</b>     | <b>\$0.07</b>       | <b>\$0.28</b>       | <b>(\$0.41)</b>     |
| <b>Total Cost per Res. can per month (w/\$19.78)</b>  | <b>\$20.51</b>      | <b>\$20.90</b>      | <b>\$19.61</b>      | <b>\$19.64</b>      | <b>\$19.85</b>      | <b>\$20.06</b>      | <b>\$19.37</b>      |

# Scenario Breakdown, cont....

| Scenario 2b - Fleet Replacement Program w/o Mowing    | Fiscal Years        |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | FY2014              | FY2015              | FY2016              | FY2017              | FY2018              | FY2019              | FY2020              |
| Projected Revenue Needed                              |                     |                     |                     |                     |                     |                     |                     |
| Current Program                                       | \$15,841,286        | \$17,384,694        | \$17,636,117        | \$17,888,108        | \$18,282,574        | \$18,690,558        | \$18,378,388        |
| Less Mowing   | (\$878,753)         | (\$876,990)         | (\$890,145)         | (\$903,497)         | (\$924,277)         | (\$945,536)         | (\$967,283)         |
| <b>Total Rev Needed</b>                               | <b>\$14,962,533</b> | <b>\$16,507,704</b> | <b>\$16,745,972</b> | <b>\$16,984,611</b> | <b>\$17,358,296</b> | <b>\$17,745,023</b> | <b>\$17,411,105</b> |
| Projected Revenue                                     | \$15,303,527        | \$16,549,090        | \$17,766,378        | \$17,997,107        | \$18,230,836        | \$18,467,602        | \$18,707,447        |
| Additional Revenue Needed                             | (\$340,994)         | (\$41,386)          | (\$1,020,406)       | (\$1,012,496)       | (\$872,539)         | (\$722,580)         | (\$1,296,343)       |
| Working Capital                                       | \$0                 | \$4,006,736         | \$5,638,303         | \$6,650,799         | \$7,523,338         | \$8,245,918         | \$9,542,261         |
| Projected Residential Cans                            | 46,000              | 46,598              | 47,204              | 47,817              | 48,439              | 49,069              | 49,707              |
| <b>Add. cost per Res. Can/month (75% of Add. Rev)</b> | <b>(\$0.46)</b>     | <b>(\$0.06)</b>     | <b>(\$1.35)</b>     | <b>(\$1.32)</b>     | <b>(\$1.13)</b>     | <b>(\$0.92)</b>     | <b>(\$1.63)</b>     |
| <b>Total Cost per Res. can per month (w/\$19.78)</b>  | <b>\$19.32</b>      | <b>\$19.72</b>      | <b>\$18.43</b>      | <b>\$18.46</b>      | <b>\$18.65</b>      | <b>\$18.86</b>      | <b>\$18.15</b>      |

# Scenario Breakdown, cont....

| Scenario 3b - Fleet Replacement w/o Curbside Recycling & Mowing | Fiscal Years        |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | FY2014              | FY2015              | FY2016              | FY2017              | FY2018              | FY2019              | FY2020              |
| Projected Revenue Needed  |                     |                     |                     |                     |                     |                     |                     |
| Fleet Purchase Program  | \$15,841,286        | \$17,384,694        | \$17,636,117        | \$17,888,108        | \$18,282,574        | \$18,690,558        | \$18,378,388        |
| Voluntary Curbside Collection (Deduct)                          | \$0                 | (\$375,646)         | (\$381,280)         | (\$386,999)         | (\$395,900)         | (\$405,006)         | (\$414,321)         |
| Recycling Cost Center (Deduct)                                  | \$0                 | (\$224,389)         | (\$227,755)         | (\$231,171)         | (\$236,488)         | (\$241,927)         | (\$247,492)         |
| Loss of Curbside Collection Fee Revenue                         | \$0                 | \$85,046            | \$86,152            | \$87,272            | \$88,406            | \$89,555            | \$90,720            |
| Less Mowing   | (\$878,753)         | (\$876,990)         | (\$890,145)         | (\$903,497)         | (\$924,277)         | (\$945,536)         | (\$967,283)         |
| <b>Total Rev Needed</b>   | <b>\$14,962,533</b> | <b>\$15,992,716</b> | <b>\$16,223,088</b> | <b>\$16,453,712</b> | <b>\$16,814,314</b> | <b>\$17,187,644</b> | <b>\$16,840,011</b> |
| Projected Revenue   | \$15,303,527        | \$16,549,090        | \$17,766,378        | \$17,997,107        | \$18,230,836        | \$18,467,602        | \$18,707,447        |
| Additional Revenue Needed                                       | (\$340,994)         | (\$556,374)         | (\$1,543,290)       | (\$1,543,395)       | (\$1,416,522)       | (\$1,279,958)       | (\$1,867,436)       |
| Working Capital   | \$0                 | \$4,006,736         | \$5,638,303         | \$7,181,698         | \$8,598,220         | \$9,878,178         | \$11,745,614        |
| Projected Residential Cans                                      | 46,000              | 46,598              | 47,204              | 47,817              | 48,439              | 49,069              | 49,707              |
| <b>Add. cost per Res. Can/month (75% of Add. Rev)</b>           | <b>(\$0.46)</b>     | <b>(\$0.75)</b>     | <b>(\$2.04)</b>     | <b>(\$2.02)</b>     | <b>(\$1.83)</b>     | <b>(\$1.63)</b>     | <b>(\$2.35)</b>     |
| <b>Total Cost per Res. can per month (w/\$19.78)</b>            | <b>\$19.32</b>      | <b>\$19.03</b>      | <b>\$17.74</b>      | <b>\$17.76</b>      | <b>\$17.95</b>      | <b>\$18.15</b>      | <b>\$17.43</b>      |

# Projected Revenue Needs

| Division Revenue Needs    |                           |                     |                     |                     |                     |                     |                     |
|---------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cost Centers              | Fiscal Years<br>Projected |                     |                     |                     |                     |                     |                     |
|                           | FY2014                    | FY2015              | FY2016              | FY2017              | FY2018              | FY2019              | FY2020              |
| Accounting                | \$218,247                 | \$195,708           | \$198,644           | \$201,623           | \$206,261           | \$211,005           | \$215,858           |
| Residential Services      | \$3,823,305               | \$4,385,623         | \$4,835,780         | \$4,908,317         | \$5,021,208         | \$5,136,696         | \$5,254,840         |
| Commercial Services       | \$1,809,372               | \$2,915,763         | \$2,551,107         | \$2,589,374         | \$2,648,930         | \$2,709,855         | \$2,772,182         |
| Recycling Program         | \$388,693                 | \$372,591           | \$378,180           | \$383,852           | \$392,681           | \$401,713           | \$410,952           |
| Transfer Station          | \$5,035,694               | \$4,810,390         | \$4,906,565         | \$4,980,164         | \$5,094,708         | \$5,211,886         | \$5,331,759         |
| Mowing                    | \$878,753                 | \$876,990           | \$890,145           | \$903,497           | \$924,277           | \$945,536           | \$967,283           |
| Debt Service              | \$726,060                 | \$722,008           | \$723,358           | \$721,658           | \$721,295           | \$725,370           | \$0                 |
| Human Resources           | \$9,346                   | \$12,261            | \$12,445            | \$12,632            | \$12,922            | \$13,219            | \$13,523            |
| Information Technology    | \$72,995                  | \$74,674            | \$75,794            | \$76,931            | \$78,700            | \$80,510            | \$82,362            |
| General Administration    | \$13,201                  | \$16,505            | \$16,884            | \$17,137            | \$17,532            | \$17,935            | \$18,347            |
| Non-Departmental          | \$2,865,620               | \$3,002,182         | \$3,047,215         | \$3,092,923         | \$3,164,060         | \$3,236,834         | \$3,311,281         |
| <b>Total Expenditures</b> | <b>\$15,841,286</b>       | <b>\$17,384,694</b> | <b>\$17,636,117</b> | <b>\$17,888,108</b> | <b>\$18,282,574</b> | <b>\$18,690,558</b> | <b>\$18,378,388</b> |

# Projected Residential Rate Changes to Meet Revenue Needs

| Projected Revenue Needed - Various Scenarios          |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Fiscal Years  |              |              |              |              |              |              |              |
| Projected   |              |              |              |              |              |              |              |
| Scenarios   | FY2014       | FY2015       | FY2016       | FY2017       | FY2018       | FY2019       | FY2020       |
| Fleet Replacement Plan                                | \$15,841,286 | \$17,384,694 | \$17,636,117 | \$17,888,108 | \$18,282,574 | \$18,690,558 | \$18,378,388 |
| Fleet Replacement Plan No Mowing                      | \$14,962,533 | \$16,507,704 | \$16,745,972 | \$16,984,611 | \$17,358,296 | \$17,745,023 | \$17,411,105 |
| Fleet Replacement Plan No Curbside Recycling          | \$15,841,286 | \$16,869,706 | \$17,113,233 | \$17,357,209 | \$17,738,591 | \$18,133,180 | \$17,807,294 |
| Fleet Replacement Plan No Curbside Recycling & Mowing | \$14,962,533 | \$15,992,716 | \$16,223,088 | \$16,453,712 | \$16,814,314 | \$17,187,644 | \$16,840,011 |
| Projected Revenues                                    |              |              |              |              |              |              |              |
| Rate Base   | \$15,303,527 | \$16,549,090 | \$17,766,378 | \$17,997,107 | \$18,230,836 | \$18,467,602 | \$18,707,447 |
| Non-Rate Base   | \$663,220    | \$671,842    | \$680,576    | \$689,423    | \$698,386    | \$707,465    | \$716,662    |
| Projected Number of Customers                         |              |              |              |              |              |              |              |
| Residential Cans                                      | 46,000       | 46,598       | 47,204       | 47,817       | 48,439       | 49,069       | 49,707       |
| Master Accounts                                       | 43,062       | 43,622       | 44,189       | 44,763       | 45,345       | 45,935       | 46,532       |
| Residential Rate Impact (\$/Account/Month)            |              |              |              |              |              |              |              |
| Fleet Replacement Plan                                | \$0.73       | \$1.12       | -\$0.17      | -\$0.14      | \$0.07       | \$0.28       | -\$0.41      |
| Fleet Replacement Plan No Mowing                      | -\$0.46      | -\$0.06      | -\$1.35      | -\$1.32      | -\$1.13      | -\$0.92      | -\$1.63      |
| Fleet Replacement Plan No Curbside Recycling          | \$0.73       | \$0.43       | -\$0.86      | -\$0.84      | -\$0.64      | -\$0.43      | -\$1.13      |
| Fleet Replacement Plan No Curbside Recycling & Mowing | -\$0.46      | -\$0.75      | -\$2.04      | -\$2.02      | -\$1.83      | -\$1.63      | -\$2.35      |

\* Based on the highest rate for the 96-gallon can of the multi cart program, the rates for the 64-gallon and 35-gallon cans would be \$2 and \$3 less, respectively. Residential Rate Impacts shown are increases or decreases from the current rate of \$19.78

# Projected Commercial Solid Waste Increases

| Commercial Rate Impact (Annual %) |           |           |           |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Scenarios                         | FY2014    | FY2015    | FY2016    | FY2017    | FY2018    | FY2019    | FY2020    |
| Fleet Replacement Plan            | 2.52%     | 3.72%     | -0.57%    | -0.47%    | 0.22%     | 0.94%     | -1.37%    |
| Single Stream                     | N/A       |
| Actual Revenues                   | 5,339,837 | 5,616,139 | 5,689,149 | 5,763,108 | 5,838,028 | 5,913,923 | 5,990,804 |
| Needed Revenues                   | 5,474,277 | 5,825,040 | 5,656,583 | 5,735,858 | 5,850,963 | 5,969,662 | 5,908,539 |
| % Increase in Rates Needed        | 2.518%    | 3.720%    | -0.572%   | -0.473%   | 0.222%    | 0.943%    | -1.373%   |

# Rate Recommendations

- Implement both a residential and commercial customer fee adjustment beginning in Fiscal Year 2014/2015. This rate increase will provide sufficient revenues (1) to meet anticipated fleet replacement needs, as well as helping meet increased operating costs.
- Increase special service and administrative fees by 5 percent and adjust these based on the CPI to address the cost of providing these services.

# Rate Recommendations *cont...*

- Increase rates in the subsequent years annually for both residential and commercial customers by the CPI.
- Maintain solid waste fund balance of 25 percent of annual expenses.
- Review actual expenses for services annually to assess need for an additional rate increase.

# Future Considerations

- Privatization of Operations
- Route Optimization
- Recycling Operations
- Other Services

# Questions?



**Jeff Arrington, P.E.**



**City of Killeen**

**SCS ENGINEERS**

*Thank You!*

# PRO FORMA MODEL CITY OF KILLEEN, TEXAS REVENUES

| REVENUES                      | Fiscal Year         |                     |                     |                     |                     |                     |                  |                             |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-----------------------------|
|                               | Projected           |                     |                     |                     |                     |                     |                  | FY2013<br>Non-Rate Revenues |
|                               | FY2015              | FY2016              | FY2017              | FY2018              | FY2019              | FY2020              |                  |                             |
| Transfer Station Fees         | \$441,189           | \$446,924           | \$452,734           | \$458,620           | \$464,582           | \$470,622           | \$448,742        |                             |
| Dumpster Rentals              | \$95,635            | \$96,878            | \$98,138            | \$99,413            | \$100,706           | \$102,015           | \$0              |                             |
| Sale of Equipment             | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0              |                             |
| Tire Disposal Fees            | \$8,412             | \$8,521             | \$8,632             | \$8,744             | \$8,858             | \$8,973             | \$6,729          |                             |
| Sale of Metals-Recycling      | \$46,812            | \$47,421            | \$48,037            | \$48,662            | \$49,294            | \$49,935            | \$63,328         |                             |
| Paper Products Recycling      | \$46,030            | \$46,628            | \$47,235            | \$47,849            | \$48,471            | \$49,101            | \$55,716         |                             |
| Public Scale Fees             | \$73,456            | \$74,411            | \$75,378            | \$76,358            | \$77,351            | \$78,356            | \$6,736          |                             |
| Other Recycle Revenues        | \$11,898            | \$12,053            | \$12,209            | \$12,368            | \$12,529            | \$12,692            | \$15,602         |                             |
| Customer Recycling Fees       | \$85,046            | \$86,152            | \$87,272            | \$88,406            | \$89,555            | \$90,720            | \$0              |                             |
| Commercial Sanitation Fees    | \$5,616,139         | \$5,689,149         | \$5,763,108         | \$5,838,028         | \$5,913,923         | \$5,990,804         | \$0              |                             |
| Residential Sanitation Fees   | \$10,070,981        | \$11,204,288        | \$11,349,944        | \$11,497,493        | \$11,646,960        | \$11,798,371        | \$0              |                             |
| Interest Earned               | \$7,992             | \$8,096             | \$8,201             | \$8,308             | \$8,416             | \$8,525             | \$2,081          |                             |
| Compost Facility Lease        | \$18,000            | \$18,000            | \$18,000            | \$18,000            | \$18,000            | \$18,000            | \$18,000         |                             |
| Knife River Lease             | \$27,500            | \$27,858            | \$28,220            | \$28,587            | \$28,958            | \$29,335            | \$30,000         |                             |
| Miscellaneous Receipts        | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$16,286         |                             |
| <b>TOTAL CURRENT REVENUES</b> | <b>\$16,549,090</b> | <b>\$17,766,378</b> | <b>\$17,997,107</b> | <b>\$18,230,836</b> | <b>\$18,467,602</b> | <b>\$18,707,447</b> | <b>\$663,220</b> |                             |
| <b>Percent Difference</b>     | <b>8.14%</b>        | <b>7.36%</b>        | <b>1.30%</b>        | <b>1.30%</b>        | <b>1.30%</b>        | <b>1.30%</b>        |                  |                             |

# PRO FORMA MODEL CITY OF KILLEEN, TEXAS ASSUMPTIONS

| Item             | Input Description  | Quantity  | Units/Description                      | Comments/Source                                  |
|------------------|--|-----------|--|--|
| <b>REVENUE</b>   |  |           |  |  |
| 1                | Recyclables  |           | Included in MRF Revenues               | SCS Calculated                                   |
| 2                |  |           |  |  |
| 3                | Customer Charges   |           |  | City Provided                                    |
| 4                | Government Grants  |           | \$0None Anticipated                    | City Provided                                    |
| 5                | Growth in Customer Accounts                              |           |  | SCS Calculated                                   |
| 6                | Average Growth   | 1.3%      |  | City Provided; Annual growth rate over 2 decades |
| <b>EXPENSES</b>  |  |           |  |  |
| 7                | Inflation Rates  |           |  | SCS Assumptions - 11 Year US Average is 2.3%     |
| 7a               | From FY2014 to FY2015                                    | 2.3%      |  |  |
| 7b               | From FY2015 to FY2016                                    | 1.5%      |  |  |
| 7c               | From FY2016 to FY2017                                    | 1.5%      |  |  |
| 7d               | From FY2017 to FY2018                                    | 2.3%      |  |  |
| 7e               | From FY2018 to FY2019                                    | 2.3%      |  |  |
| 7f               | From FY2019 to FY2020                                    | 2.3%      |  |  |
| 8                | Tipping Fee Escalation Rate                              | 2.3%      |  | SCS Assumptions                                  |
| 9                | Pro Rate Escalation of August 2014 to End of Fiscal Year | 8.70%     |  |  |
| 10               | Annual Increase in Traditional Fleet Purchases           | \$100,000 |  | SCS Assumptions                                  |
| 11               | Annual Savings in Maintenance Due to Newer Trucks        | \$100,000 | From \$500,000 (current expenses)      | SCS Assumptions                                  |
| <b>RESERVES</b>  |  |           |  |  |
| 12               | General Department Reserve                               |           | \$0No change in Fund Balance from 2014 | City Provided                                    |
| <b>CUSTOMERS</b> |  |           |  |  |
| 13               | Residential  | 46,000    |  | City Provided                                    |
| 14               | Commercial   | 1,723     |  | City Provided                                    |