

## **Lincoln County Landfill Long Range Plan for 2008 and beyond**

### **Background:**

The Lincoln County Landfill is a fee-for-service enterprise offering waste disposal services to county tax payers. The landfill does not offer any waste collection services.

The landfill was designed and constructed in phases. The landfill began accepting waste in 1989. The landfill was originally designed to last an estimated 15 years and a planned closure in the year 2004. Due to efficiencies of operation, recycling bans, construction/demolition landfill, only 56% of the permitted space has been utilized through 2007. At the current rate, the permitted space is expected to last an additional 9.3 to 11 years with an anticipated closing date of 2017-2019.

The cost of the planning, construction of initial phase and associated infrastructure was four million dollars. This money was borrowed and has been paid back. Since the opening of the landfill, several additional phases have been constructed involving 6.5 million dollars for construction expenditures funded through landfill income and tax levy dollars. Since 2001 the enterprise has not been on the tax levy and is entirely funded by the fees it collects. At the present the landfill has no debts and the long range goals are to operate the landfill without any future debt.

### **Goals**

Long term goals of this enterprise are to:

1. Offer continuous long-term quality service at a fair cost to Lincoln County residents
2. Operate an environmentally safe landfill – Minimize environmental liability.
3. Continue to improve operating efficiencies.
4. Operate the landfill in a fiscally responsible manner so as to avoid a need for any tax dollars to support the enterprise – Stay off tax levy.
5. Extend the landfill useful life through 2017.
6. Continue to contribute part of the profits (after all landfill obligations are met) to the County's General Fund
7. Four years prior to closing, or in the year when the landfill reaches 80% of its total capacity (approximately 2013) the County Board must determine the level of future solid waste services the county wishes to offer its taxpayers.
8. Set aside funds for future landfill based on county board decision.

### **Landfill Capacity and Planning for future services:**

The current landfill has an estimated space for 363,846 cubic yards of waste (January 2, 2008-survey). Based on current waste tonnages, and assuming waste tonnages will remain at current levels, the landfill is projected to close in the year 2017. A decision to chart the future of waste services should be made at least 4 years prior to reaching capacity or after 80% of the total landfill capacity has been utilized. Based on projected tonnages, a decision for future landfill services should be made in the year 2013.

During the years 2008 to 2017 we must plan and budget for all anticipated and unanticipated equipment/construction and fiscal needs so as to provide uninterrupted quality service.

**Essential Capital Improvements required by DNR code:**

The estimated anticipated capital costs are based on 2007 estimates adjusted by 3% per annum. The anticipated capital expenses include:

2011 - Construct module 2 of Phase III (\$ 391,000)

2012 – Close approximately 6 acres of Phase II (\$ 598,000)

2017 – Close remaining 6 acres of Phase III, install gas wells, drainage systems, leachate tank, etc. Close Demo landfill. (\$ 1,358,000)

**Anticipated and Unanticipated capital projects to improve efficiencies in operations:**

These projects should be approved based on cost/benefit analysis of each expense. Many of these projects are proposed for after 2011.

- Evaluate Energy Recovery from landfill gas
- Update leachate tank and accessories as needed
- Install an on-site wetland leachate treatment system to save money on leachate transport and treatment
- Replace loader and compactor as needed
- Update and replace scale as needed
- Provide for any unanticipated environmental repair

**Projected Revenues:**

In 2006 and 2007, the landfill generated average annual Operating Revenues of \$ 1.18 million. From now through 2017, a total of \$ 10.97 million dollars (1.18 x 9.3 years) of revenues are expected.

**Projected Expenses:**

Operating expenses in 2006 and 2007 averaged \$ 685,000 per year, at this rate \$ 6.37 million (685,000 x 9.3 years) will be utilized for operating expenses through the closure of the landfill in 2017. The landfill is expected to generate a net operating profit of \$ 4.60 million over the next 9.3 years.

DNR required construction obligations are expected to cost an estimated 2.56 million dollars. In order to improve profits/efficiencies further expenses may become necessary, such expenses are difficult to predict at this time.

**Projected Cash Reserves:**

**Unrestricted Cash Reserves**

At the end of 2007 the landfill fund had a cash reserve balance of \$ 2.32 million. Between 2008 and 2017 an additional \$ 2.04 million (operating revenues minus operating and construction

expenses) is projected to be added to the cash reserve. In addition, the closure construction costs incurred in 2017 are reimbursable from the “restricted cash reserve”-- an estimated \$ 1.0 million in closure cost are projected to be added to the unrestricted cash reserves in 2018. By 2018, the total unrestricted cash reserves are projected to reach \$ 5.36 million (2008 dollars).

Based on current fiscal projections the landfill enterprise appears to have adequate dollars to cover all its anticipated obligations using existing and future revenues.

**Restricted Cash Reserves:**

Restricted Cash Reserves are designated for closure and long term care. Payments to the Restricted Cash Reserves were made from landfill funds in advance. The current (1/1/2008) balance in this fund was 3.00 million dollars. Assuming this fund will grow at 4% per year, the fund will grow to 4.27 million dollars by 2018 (the year after the landfill reaches capacity). The closure funds in 2008 are at \$1.0 million and are projected to build to \$ 1.46 million by 2018, the year in which Lincoln County should receive these funds.

The county is obligated to perform long term care for 40 years after the landfill closes. Lincoln County’s long term care obligations will end in the year 2056 (based on 2017 closing). Expenses incurred for long term care are reimbursed to the County by the DNR in the year after the expenses have been incurred. On January 1, 2008, the fund balance in the long term care – restricted reserve account was \$ 2.103 million. Based on DNR’s projections there will be adequate funds to take care of our long term obligations (through 2056) provided the fund is replenished at \$ 473 per year between 2008 and 2017.

**Long Range Plan Updates:**

The county must continue to revise its landfill capacity and fiscal projections every year based on the then current goals, revenues and expenses, space available, market conditions, DNR regulations and requirements, and the future level of service the County wishes to offer. As the landfill approaches its capacity, the County must make a decision on future waste disposal services the county wishes to offer.

Updated July, 2008

Projected Income/Expense/Reserve for Lincoln County Landfill - July 2008														
All Projections are on a Cash Basis														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
		Actual												
<b>Landfill Capacity</b>														
Estimated landfill capacity (cubic yards) at beginning of year		396,472	363,846	324,659	285,471	246,284	207,096	167,909	128,721	89,534	50,346	11,159		
Percent of Landfill space remaining at beginning of year		48	44	39	35	30	25	20	16	11	6	1		
<b>Projected Revenues</b>														
Operating Revenues - \$/year		1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	1,159,000	347,700		10,778,700
<b>Projected Expenses</b>														
Operating expense - \$/year		711,300	711,300	711,300	711,300	711,300	711,300	711,300	711,300	711,300	711,300	213,390		6,615,090
<b>Projected Operating Profits - \$ /year</b>		<b>447,700</b>	<b>134,310</b>		<b>4,163,610</b>									
<b>Capital expenses</b>														
	Construction Phase III mod 2					391,000								
	Demo site closure									90,000				
	Phase II closure						598,000							
	Landfill closure											1268000		
<b>DNR Reimbursement</b>														
														1460000
<b>Unrestricted Cash Reserves</b>		<b>2,322,000</b>	<b>2,769,700</b>	<b>3,217,400</b>	<b>3,665,100</b>	<b>3,721,800</b>	<b>3,571,500</b>	<b>4,019,200</b>	<b>4,466,900</b>	<b>4,824,600</b>	<b>5,272,300</b>	<b>4,138,610</b>	<b>5,598,610</b>	
<b>Restricted Cash Reserves</b>														
	Interest income	179,690	111,602	116,066	120,709	125,537	130,558	135,781	141,212	146,861	152,735	158,844	165,198	
	Projected balance	2,790,048	2,901,650	3,017,716	3,138,425	3,263,962	3,394,520	3,530,301	3,671,513	3,818,373	3,971,108	4,129,953	2,745,451	
<b>Total Reserves, dollars at the end of year</b>		<b>0</b>	<b>5,112,048</b>	<b>5,671,350</b>	<b>6,235,116</b>	<b>6,803,525</b>	<b>6,985,762</b>	<b>6,966,020</b>	<b>7,549,501</b>	<b>8,138,413</b>	<b>8,642,973</b>	<b>9,243,408</b>	<b>8,268,563</b>	<b>8,344,061</b>

Interest rate on Restricted Cash Reserves assumed at 4% per year

No Inflationary adjustments are included in Operating Revenue or Expenses

Average annual landfill volume assumed to be 4.75% of design capacity (2005-2007 average)

Long Term Care obligations begin in 2017 - to be financed by Restricted Cash Reserves