

SOLID WASTE MANAGEMENT FUNDS

LANDFILL OPERATIONS

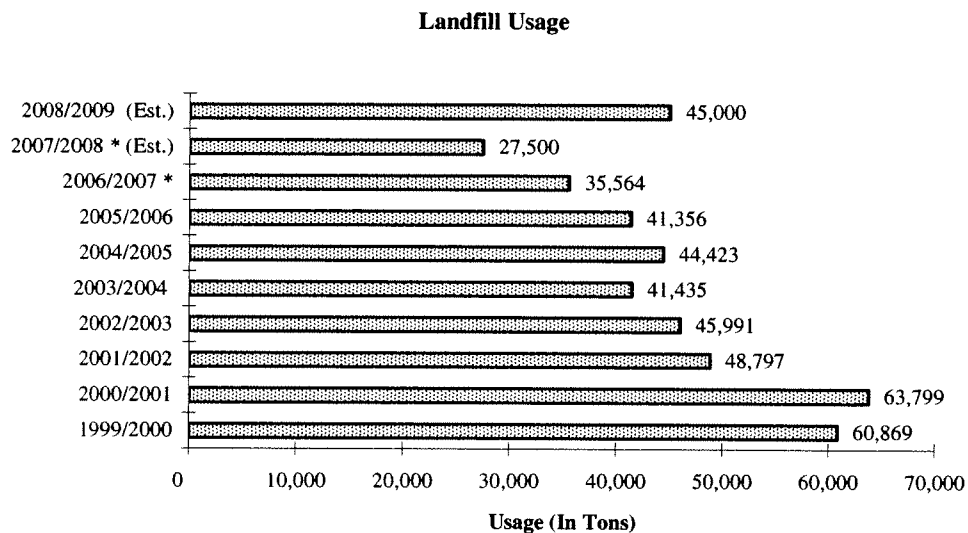
GENERAL INFORMATION:

The Solid Waste Management Funds consist of three (3) operations, Refuse Collection, Landfill Operations and Transfer Station Operations.

The City is a member of the Muscatine County Solid Waste Management Agency. This Agency contracts with the City of Muscatine to operate the landfill. The agency is responsible for the disposal of solid waste in Muscatine County. The Transfer Station opened in August of 1995. This facility is used as a staging area for recycling, refuse collection and the transfer of non-recyclable items to the landfill.

Under the terms of the agreement between the Solid Waste Management Agency and the City, the City is responsible for the costs incurred in the operation of the sanitary landfill, the maintenance of the entrance road, the cost of purchasing the landfill site and certain special engineering fees. The City establishes an annual price per ton for waste disposal at the landfill. Beginning in 2008/2009, the Agency reinstated an annual assessment to each of its members.

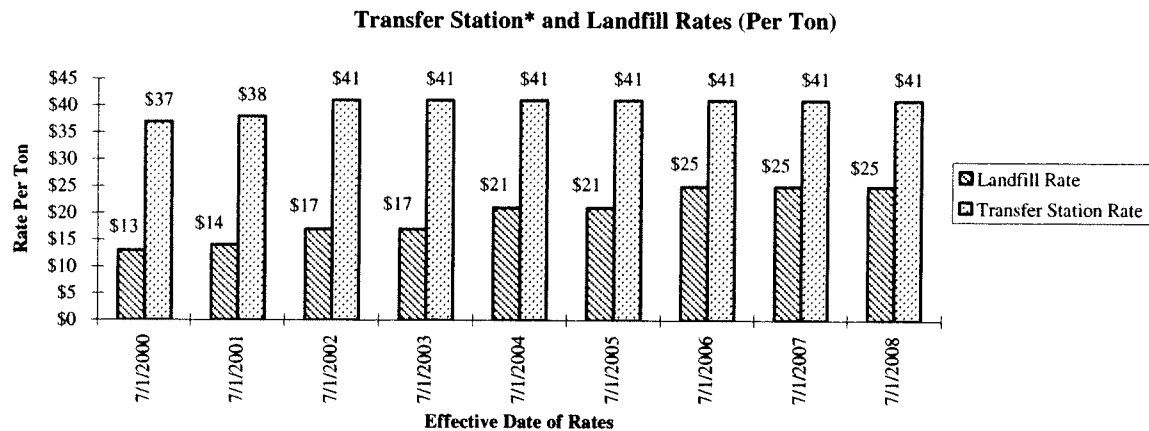
The following chart shows the amounts of waste disposed of at the landfill since 1999/2000 as well as the projected waste volumes for 2007/2008 and 2008/2009.



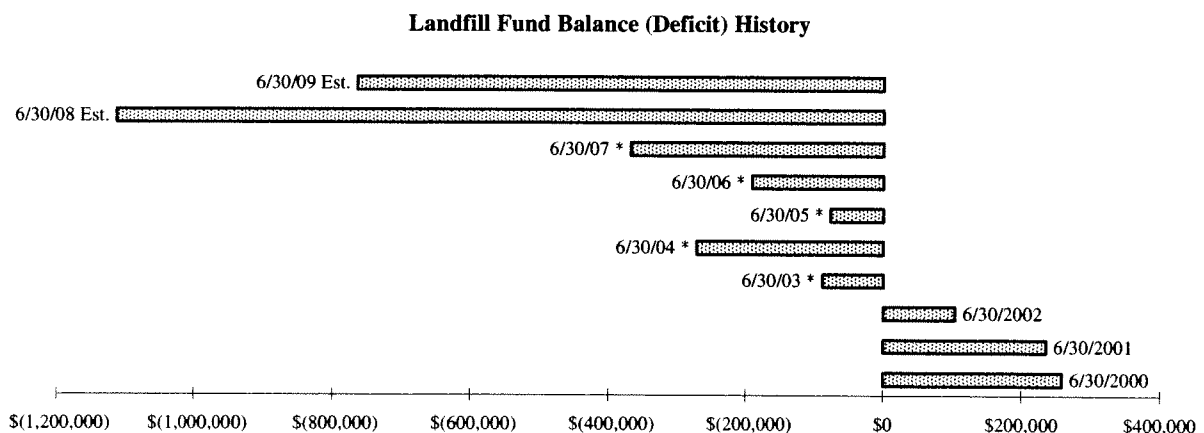
* 9,319 tons of waste was taken to the Scott County Landfill in 2006/07 due to landfill capacity issues and an additional 17,500 is estimated for the 2007/2008 year. This was discontinued in December, 2007 with the opening of the new cell.

Volumes at the landfill have fluctuated over the years shown above and the number and types of users have changed. The State of Iowa has also enacted regulations for volume reduction and restrictions on materials that can be deposited in landfills. As noted above, capacity issues in 2006/2007 and 2007/2008 required waste to be taken to the Scott County Landfill while projects were underway to develop new waste disposal areas.

The following chart shows the Transfer Station regular rates since the 2000/2001 year and the portion of the transfer station fee paid to the landfill fund. In 2000/2001 \$13.00 of the \$37.00 per ton rate was paid to the landfill for material disposed of at that facility. The landfill portion of the disposal rate has increased since that time to the current \$25.00 per ton. The rate is budgeted to remain at \$25.00 for the upcoming 2008/2009 year.



The fund balance for the Landfill Operation has varied over the past ten (10) years. The following is a summary of the fiscal year-end balances (deficits):



* Beginning June 30, 2003 there have been interim loans to fund a portion of the Phase II and III closure costs, costs to develop the new cell, and other landfill capital and operating costs.

The deficit fund balances in recent years are due to costs for capital projects at the landfill, costs to complete the purchase of landfill property formerly leased, loss of revenue due to capacity issues, and increased regulatory requirements. In 2007/2008 \$767,200 in capital expenditures were required including \$417,600 to develop the new Phase II cell, \$180,000 for drainage and erosion control, \$58,000 for improvements on the side slope of Phase II, and \$35,000 for a tarp system to use as daily cover. Due in part to the June 1, 2007 tornado, the Phase I cell was at capacity and was required to be closed prior to completion of the new cell.

This required waste to be hauled to the Scott County Landfill and resulted in the loss of revenue to the Muscatine Landfill of approximately \$400,000. These factors combined to result in the estimated \$1,092,552 deficit in the landfill fund as of June 30, 2008.

CURRENT TRENDS AND ISSUES:

In 2007/2008 the Muscatine County Solid Waste Management Agency approved a plan to substantially reduce or eliminate the accumulated deficit in this fund over the next several years. This included reinstating an assessment to Agency members in an annual amount of \$117,200. Disposal rates, however, have been maintained at the current \$25.00 per ton rate to avoid possible loss of waste volume to Illinois landfills which may have lower disposal fees. The recently completed cell is expected to have three to four years of capacity. Use of the recently purchased tarp system will also extend the life of the new cell. Capital costs are expected to be much less for the next two to three years when it will again be time to begin developing the next waste cell. Based on budget estimates, the deficit in the landfill fund is expected to be reduced by approximately \$350,000 in 2008/2009 to \$743,040. If this same \$350,000 reduction occurs during the next several years, the deficit may be eliminated or nearly eliminated at the time the next cell is needed. There are, however, many factors which can affect both revenues and expenditures at the landfill including waste volumes and existing and any new regulatory requirements.

Since 1995/96 private firms have operated the landfill under contractual agreements with the City. The 2008/2009 budget includes \$278,600 for contracting the operation of the landfill, which includes all labor and equipment costs. The amount of the payment to this contractor is based on actual tons delivered to the landfill. The staff budgeted in the Landfill Fund consists of a one-third allocation of the Solid Waste Manager. With contracting for the operation of the landfill, the other significant items in the budget are leachate hauling and analysis, engineering services, capital outlay items and payment of the State surcharge fees.

The State landfill surcharge was reduced from \$3.75 to \$3.65 per ton in 2002/2003 since the area landfills met the State-mandated waste reduction requirements. Of the \$3.65 per ton rate, \$2.10 per ton is required to be paid to the State and the remaining \$1.55 per ton can be retained by the City in special reserves required to be used for specific purposes. Payments to the State are estimated at \$94,500 for 2008/2009 based on an estimated 45,000 tons of waste volume. The surcharge funds retained by the City are estimated at \$69,750 for 2008/2009. These funds are accounted for in the Landfill Surcharge Reserve Funds.

The Iowa Department of Natural Resources (IDNR) has specific requirements for the use of the local surcharge funds with the specific eligible uses of each portion of the surcharge funds to be reported quarterly to the IDNR. Part I of the retained surcharge funds are required to be used for local planning and environmental protection activities. Part II funds are required to be used for waste reduction, recycling and small business pollution prevention purposes. In 2008/2009 it is estimated that there will be \$22,500 in Part I funds which will be transferred to the Landfill fund for qualifying expenditures and an estimated \$47,250 of Part II funds will be transferred to the Transfer Station fund for qualifying expenditures.

The IDNR regulations also provide that funds must be set aside annually for Landfill closure and post closure costs. The estimated amount to be transferred to the Closure Reserve in 2008/2009 is \$23,715 and the amount to be transferred to the Post-Closure Reserve is estimated at \$20,998.

The 2008/2009 budget also includes a total of \$117,025 in debt service payments for bonds issued in 2003 and 2006. The June 1, 2003 bond issue financed land acquisition costs of \$305,200 incurred in January 2002. In 2005 Stockton Realty was awarded an additional \$533,915 for the landfill property acquired by the City through condemnation in 2002. Legal fees of Stockton Realty were also required to be reimbursed. The additional award and related legal fees total approximately \$612,000. This amount was included in the June 1, 2006 city bond issue.

GOAL STATEMENT:

To provide a facility for the disposal of solid waste collected in Muscatine County in an efficient and effective manner and in accordance with environmentally sound practices established by the Environmental Protection Agency (EPA) and Iowa Department of Natural Resources (IDNR) and in accordance with the agreement with the Muscatine County Solid Waste Management Agency.

PERFORMANCE MEASURES:

	Actual 2004/2005	Actual 2005/2006	Actual 2006/2007	Estimated 2007/2008	Estimated 2008/2009
Tons of Waste Disposed	44,423	41,356	35,564 *	27,500 *	45,000
Leachate Collected in Gallons	741,710	698,614	827,218	750,000	750,000

* The reduced waste volumes in both 2006/2007 and 2007/2008 were due to landfill capacity issues which required waste to be disposed of at the Scott County Landfill for a portion of each year.

RECENT ACCOMPLISHMENTS:

Due to many factors, including the June 2007 tornado, the Phase I landfill cell was filled to capacity and the city was required to construct a new Phase II landfill cell. Phase II will give the city three to four years of space for solid waste disposal. A new alternative tarp system at the landfill will allow approximately four full years of landfill space and will also save on the cost of dirt for daily cover needs.

Erosion control issues will continue to be addressed at the landfill site. Erosion issues on Ravines 5 and 6 were addressed in the fall of 2007. Drainage of storm water has also been a major issue at the landfill. The drainage ditch was widened and cleaned out for better on-site drainage.

OBJECTIVES TO BE ACCOMPLISHED IN 2008/2009:

- * To reorganize the Muscatine Solid Waste Management Agency and establish set meeting times.
- * To continue to work on the erosion and storm water control mechanisms at the landfill.
- * To evaluate and begin implementation, subject the IDNR approval, of a leachate control plan that will use trees to handle leachate. These trees grow from the leachate that would normally need to be treated at the Water Pollution Control Plant.

- * To add a toe drain to an existing area of the landfill for better leachate and storm water management practices.
- * To look at options for closing out old landfill acres which will move these acres to a closed status and lower liability, control leachate and methane, and lower the financial assurance cost each year.
- * To work to educate the general public on the importance of recycling and the proper disposal of household hazardous items, electronic waste, appliances, and other miscellaneous items that are part of the overall solid waste management program.

LANDFILL FUND

STATEMENT OF BOND AND INTEREST REQUIREMENTS

**General Obligation Corporate Purpose Bonds
Landfill Property Acquisition
\$308,000 Portion of \$1,780,000 Issue Dated June 1, 2003**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2007/08	\$ 30,000	\$ 4,983	\$ 34,983
2008/09	30,000	4,367	34,367
2009/10	30,000	3,693	33,693
2010/11	35,000	2,912	37,912
2011/12	35,000	1,950	36,950
2012/13	<u>30,000</u>	<u>900</u>	<u>30,900</u>
Total	<u>\$ 190,000</u>	<u>\$ 18,805</u>	<u>\$ 208,805</u>

**General Obligation Corporate Purpose Bonds
Additional Landfill Property Acquisition Costs
\$629,096 Portion of \$2,990,000 Issue Dated June 1, 2006**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2007/08	\$ 58,912	\$ 23,822	\$ 82,734
2008/09	61,016	21,642	82,658
2009/10	63,120	19,354	82,474
2010/11	65,224	16,986	82,210
2011/12	68,380	14,508	82,888
2012/13	71,536	11,876	83,412
2013/14	73,640	9,104	82,744
2014/15	76,796	6,232	83,028
2015/16	<u>79,952</u>	<u>3,198</u>	<u>83,150</u>
Total	<u>\$ 618,576</u>	<u>\$ 126,722</u>	<u>\$ 745,298</u>

Principal and interest payments for these general obligation bond issues are made from the Debt Service Fund. Bond proceeds from these issues financed the acquisition of property for the landfill. Accordingly, transfers from the Landfill Fund to the Debt Service Fund will be made annually to fund principal and interest payments on these portions of the above issues as they become due.

Landfill Operations

Fund Statement

	<u>Actual 2005/2006</u>	<u>Actual 2006/2007</u>	<u>Budget 2007/2008</u>	<u>Revised Estimate 2007/2008</u>	<u>Budget 2008/2009</u>
Beginning Balance (Deficit), July 1	\$ (76,863)	\$ (191,105)	\$ (35,037)	\$ (368,247)	\$ (1,092,552)
Revenues					
Charges for Services	\$ 868,475	\$ 820,276	\$ 1,100,000	\$ 687,500 (2)	\$ 1,125,000 (3)
Agency Assessment	0	0	0	0	117,200 (6)
Interest	13,098	29,883	5,000	12,000	12,000
Transfers In:					
Landfill Surcharge Reserve	20,678	17,782	22,000	13,750	22,500
Property Acquisition Project	0	0	0	21,200	0
Total Revenues	<u>\$ 902,251</u>	<u>\$ 867,941</u>	<u>\$ 1,127,000</u>	<u>\$ 734,450</u>	<u>\$ 1,276,700</u>
Funds Available	\$ 825,388	\$ 676,836	\$ 1,091,963	\$ 366,203	\$ 184,148
Expenditures (1)	<u>1,016,493</u>	<u>1,045,083</u>	<u>986,827</u>	<u>1,458,755 (4)</u>	<u>927,188</u>
Ending Balance (Deficit), June 30	<u>\$ (191,105)</u>	<u>\$ (368,247)</u>	<u>\$ 105,136</u>	<u>\$ (1,092,552) (5)</u>	<u>\$ (743,040) (6)</u>
Increase (Decrease) in Fund Balance	\$ (114,242)	\$ (177,142)	\$ 140,173	\$ (724,305)	\$ 349,512

1. Expenditures include changes in compensated absences.
2. The revenue estimate for 2007/2008 is based on an estimated 27,500 tons at \$25.00 per ton. This is significantly less than the 44,000 tons included in the budget. The reduced waste volume is the result of landfill capacity issues which required waste to be hauled to the Scott County Landfill during new cell construction.
3. The budget for 2008/2009 is based on an estimated 45,000 tons at \$25 per ton.
4. The 2007/2008 revised estimate expenditures are over the budgeted amount by approximately \$472,000 primarily due to costs to construct the new cell and additional improvements at the landfill site.
5. The ending fund deficit at the end of 2007/2008 is due to a combination of reduced revenues due to capacity issues and additional expenditures primarily for development of the new cell.
6. An Agency assessment was implemented beginning in 2008/2009 as part of the plan to eliminate the accumulated deficit in this fund over the next several years.

Explanation of Changes in Fund Balances:

The accumulated deficits in this fund were due to the reduced waste volumes being received at the landfill as well as landfill capital costs. Some of the reduced waste volumes in prior years can be attributed to competition from Illinois landfills due to their lower tipping fees. Landfill capacity issues also reduced landfill revenues in 2006/2007 and 2007/2008 as waste was required to be hauled to the Scott County Landfill during construction of the new cell. The Agency assessment was implemented beginning in 2008/2009 as part of the plan to eliminate the accumulated deficit in this fund over the next several years.

Landfill Surcharge Reserve Part I

Local Planning and Environmental Protection Activities

Fund Statement

	<u>Actual 2005/2006</u>	<u>Actual 2006/2007</u>	<u>Budget 2007/2008</u>	<u>Revised Estimate 2007/2008</u>	<u>Budget 2008/2009</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	<u>20,678</u>	<u>17,782</u>	<u>22,000</u>	<u>13,750 (1)</u>	<u>22,500 (1)</u>
Funds Available	\$ 20,678	\$ 17,782	\$ 22,000	\$ 13,750	\$ 22,500
Expenditures					
Transfers to Landfill Fund	<u>20,678</u>	<u>17,782</u>	<u>22,000</u>	<u>13,750</u>	<u>22,500</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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1. Based on 27,500 tons for the FY 2007/2008 Revised Estimate and 45,000 tons for FY 2008/2009, at \$.50/ton.

Landfill Surcharge Reserve Part II
Waste Reduction, Recycling, and Small Business Pollution Prevention

Fund Statement

	<u>Actual 2005/2006</u>	<u>Actual 2006/2007</u>	<u>Budget 2007/2008</u>	<u>Revised Estimate 2007/2008</u>	<u>Budget 2008/2009</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Transfers In					
Surcharge Fees	<u>43,424</u>	<u>37,342</u>	<u>46,200</u>	<u>28,875</u> (1)	<u>47,250</u> (1)
Funds Available	\$ 43,424	\$ 37,342	\$ 46,200	\$ 28,875	\$ 47,250
Expenditures					
Transfers to Transfer Station Fund	<u>43,424</u>	<u>37,342</u>	<u>46,200</u>	<u>28,875</u>	<u>47,250</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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1. Based on 27,500 tons for 2007/2008 and 45,000 tons for 2008/2009, at \$1.05/ton.

Landfill Closure Reserve (1)

Fund Statement

	<u>Actual 2005/2006</u>	<u>Actual 2006/2007</u>	<u>Budget 2007/2008</u>	<u>Revised Estimate 2007/2008</u>	<u>Budget 2008/2009</u>
Beginning Balance, July 1	\$ 62,526	\$ 83,800	\$ 105,074	\$ 107,515	\$ 131,230
Revenues					
Transfers In					
Landfill Fund	<u>21,274</u>	<u>23,715</u>	<u>21,274</u>	<u>23,715</u>	<u>23,715</u>
Funds Available	\$ 83,800	\$ 107,515	\$ 126,348	\$ 131,230	\$ 154,945
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 83,800</u>	<u>\$ 107,515</u>	<u>\$ 126,348</u>	<u>\$ 131,230</u>	<u>\$ 154,945</u>

Increase (Decrease) in Fund Balance	\$ 21,274	\$ 23,715	\$ 21,274	\$ 23,715	\$ 23,715
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1. This reserve is required to be established to pay for the closure costs for the currently permitted landfill area.

Landfill Post-Closure Reserve (1)

Fund Statement

	<u>Actual 2005/2006</u>	<u>Actual 2006/2007</u>	<u>Budget 2007/2008</u>	<u>Revised Estimate 2007/2008</u>	<u>Budget 2008/2009</u>
Beginning Balance, July 1	\$ 569,240	\$ 589,476	\$ 609,712	\$ 610,474	\$ 631,472
Revenues					
Transfers In					
Landfill Fund	<u>20,236</u>	<u>20,998</u>	<u>20,236</u>	<u>20,998</u>	<u>20,998</u>
Funds Available	\$ 589,476	\$ 610,474	\$ 629,948	\$ 631,472	\$ 652,470
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance, June 30	<u>\$ 589,476</u>	<u>\$ 610,474</u>	<u>\$ 629,948</u>	<u>\$ 631,472</u>	<u>\$ 652,470</u>

Increase (Decrease) in Fund Balance	\$ 22,240	\$ 20,998	\$ 20,236	\$ 20,998	\$ 20,998
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1. Landfill owners are required to monitor and maintain landfill sites for 30 years after landfills are closed. Funds are required to be set aside annually in order to accumulate funds for this purpose.

Function:
Business Type

Department:
Public Works

Activity:
Landfill Operations

	Actual 2005/2006	Actual 2006/2007	Budget 2007/2008	Revised Estimate 2007/2008	Budget 2008/2009	Percent Change
Expenditure Summary						
Personal Services	\$ 29,955	\$ 39,227	\$ 27,000	\$ 26,900	\$ 29,000	7.41%
Commodities	672	4,035	8,500	8,500	8,500	0.00%
Contractual Services	615,327	478,712	532,800	410,000	474,100	-11.02%
Capital Outlay	189,769	321,271	150,000	767,200	141,500	-5.67%
Transfers	179,910	209,759	268,527	246,155	274,088	2.07%
Total Expenditures	\$ 1,015,633	\$ 1,053,004	\$ 986,827	\$ 1,458,755	\$ 927,188	-6.04%
Funding Sources						
Charges for Services	\$ 868,475	\$ 820,276	\$ 1,100,000	\$ 687,500	\$ 1,125,000	2.27%
Interest	13,098	29,883	5,000	12,000	12,000	140.00%
Agency Assessment	-	-	-	-	117,200	
Transfer from Surcharge Reserve	20,678	17,782	22,000	13,750	22,500	2.27%
Total Funding Sources	\$ 902,251	\$ 867,941	\$ 1,127,000	\$ 713,250	\$ 1,276,700	13.28%

Personnel Schedule						
	Actual 2005/2006	Actual 2006/2007	Budget 2007/2008	Revised Estimate 2007/2008	Budget 2008/2009	Budget Amount 2008/2009
Full Time:						
Solid Waste Manager	0.33	0.33	0.33	0.33	0.33	\$ 21,000
Employee Benefits						8,000
Total Personal Services						\$ 29,000

Capital Outlay	
<i>Item</i>	<i>Amount</i>
Ecolotree Planting for Leachate (Final 50%, subject to DNR approval)	\$ 76,500
Methane Vent System	40,000
Leachate Loadout Relocation	25,000
	<u>\$ 141,500</u>