

Hi Chris,

It was great to talk with you this morning. I've recalibrated the annual sanitation rate revenue adjustments based on your direction including reducing the Motor Pool expenses to \$90,000 in FY 2021. The following table details the annual rate adjustments by deferring rate action in FY 2021 and then implementing revenue adjustments for the next five years (FY 2022 to FY 2026). The rate adjustments are listed by the four recycling program scenarios.

Rate Scenarios for Discussion	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Existing Program	0.00%	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reduced Frequency	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Drop Off Site	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
No Recycling	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

In general, each of these rate schedules maintain the 4 month (~122 day) minimum operating reserve. The one exception is the FY 2022/FY 2023 time period within the Existing Program scenario. The reserve is estimated to decrease to approximately 110 days during this timeframe. To meet the reserve target in the FY 2022/23 time period for this scenario, we would need annual adjustments of 7.50% for the first two years followed by increases in the 2 percent range for the last three years. The following table details the estimated annual operating reserve levels for each scenario. I've highlighted the two years where the reserve drops below target in yellow.

Operating Reserve (Days of Cash on Hand)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Existing Program	168 Days	143 Days	110 Days	108 Days	129 Days	168 Days	217 Days
Reduced Frequency	168 Days	167 Days	147 Days	147 Days	161 Days	184 Days	208 Days
Drop Off Site	168 Days	179 Days	168 Days	173 Days	187 Days	205 Days	219 Days
No Recycling	168 Days	202 Days	194 Days	198 Days	206 Days	214 Days	213 Days

Let me know if you have any questions.

Thanks,

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