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MEMORANDUM

TO: Samuel A. May, Executive Director
Solid Waste Disposal and Recyclable Materials Processing Authority of Broward County

FROM: Vita Quinn
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SUBJECT: Detailed Financial Plan

1.0 INTRODUCTION

This detailed financial plan memorandum (Financial Memorandum) presents a 20-year roadmap for achieving financial sustainability for the Solid Waste Disposal and Recyclable Materials Processing Authority of Broward County (Authority). Specifically, this Financial Memorandum establishes the framework for funding regional solid waste management operations, addresses the Authority's statutory obligations under the Interlocal Agreement (ILA), presents the maximum services charges required under Article 24 of the First Amendment to the Interlocal Agreement (Facilities Amendment), and provides the financial foundation necessary to advance Broward County toward its 75% recycling goal.

1.1 THE CHALLENGE

The Authority currently faces a fundamental challenge: there is no established revenue stream to support its operations over the 20-year financial planning horizon, yet programs require immediate funding to serve nearly two million residents across 29 member jurisdictions equitably. In 2024, Broward County recycled only 29% [1] of the nearly 4.9 million tons of municipal solid waste it generated, far below Florida's 75% goal. Establishing appropriate, equitable, and sustainable funding mechanisms while maintaining affordability for member jurisdictions and their residents is important to the Authority's success.

1.2 THE SOLUTION: A PHASED FUNDING APPROACH

The financial plan is comprised of a strategic three-phase funding approach that aligns revenue mechanisms with the Authority's evolving operational responsibilities:

[1] Adjusted Recycling Rate from the 2024 Final Disposition of Municipal Solid Waste Report.

Phase 1 (FY 2027): Formation and Planning – Population-based contributions from ILA members fund the establishment of governance structures, initiation of education and outreach programs, and planning for drop-off centers. Estimated funding: $2.25 million (including an initial annual settlement contribution of $250,000)

Phase 2 (FY 2028-FY 2030): Tipping Fee Surcharges – Tonnage-based surcharges on waste processed or disposed at regional facilities provide rapid revenue scaling as the Authority assumes operational control. This usage-based mechanism creates equitable cost allocation while building capital reserves for infrastructure investments. A further discussion of surcharge-eligible tonnage is presented in Section 6.2.4. Estimated average surcharge revenue: $9.86 million.

Phase 3 (FY 2031-FY 2046): Non-Ad Valorem Assessments – Property-based assessments provide long-term revenue stability and predictability, supporting established operations and enabling debt financing for major capital projects. To the extent that is required, there may be an overlap period (estimated between FY 2030 and FY 2031) where surcharges on certain waste streams remain as assessments are implemented. Estimated average assessment revenue: $15.74 million.

2.0 BACKGROUND

The ILA for solid waste disposal and recyclable materials processing in Broward County was established to create the Authority. The ILA serves as the contractual framework to develop and implement a long-term, environmentally sustainable, transparent, and economically sufficient plan for waste disposal, reduction, recycling, and reuse.

The Authority is comprised of Broward County and 28 of its 31 municipalities, represented with 29 Governing Board seats and 11 Executive Committee members. Broward County has a population approaching two million residents. There is a direct relationship between population and waste generation. In 2024, nearly 4.9 million tons of municipal solid waste was generated in Broward County. In that same year, only 29% of the total waste stream was recycled, which is well below the state's 75% recycling goal. It should be noted that the State recycling goal recognizes various recycling credits (e.g., renewable energy), which increases the County recycling rate in 2024 to 38%. Still, most waste ends up in landfills, with a smaller portion processed through a waste-to-energy facility.

The Authority currently faces a core challenge: there is no established revenue stream that is equitable and affordable to fund programs. Establishing appropriate funding mechanisms is critical, as different approaches offer varying levels of revenue stability for Authority operations, different community perceptions of equity, and different responsiveness to changing conditions.

2.1 OBJECTIVES

The objectives of the study were as follows:

- Define the Authority's initial financial framework, including its fund structure and cost centers.
- Consolidate projected start-up, operating, and capital costs over a 20-year planning horizon.
- Present revenue projections and identify potential funding mechanisms such as tipping or processing fee surcharges and special assessments.

- Determine the revenue levels needed to recover the full cost of service and to build adequate working capital and capital reserves.
- Recommend financial policies to guide the Authority's future budgeting, rate-setting, and reserve management practices.

3.0 FINANCIAL PROJECTION METHODOLOGY

To examine the financial health of the Authority and its operations, SCS created a long-term financial projection. This type of systematic evaluation is often used by utilities and authorities to determine the level of revenues that would be required to meet all financial obligations, including operating costs, capital expenditures, debt payments, and other financial commitments. The primary goal is to validate the Authority's projected cost to provide services and create a revenue plan that will establish its ability to sustain operations over the long term.

3.1 ANALYSIS FRAMEWORK

The analysis involves evaluating historical expense trends and projecting future expenses based on assumed programs and activities of the Authority, estimated tonnage, and projected capital expenditures. By understanding revenue generation dynamics and potential changes over time, the Authority can plan to generate sufficient income to cover expenses. As part of this, the analysis involves projecting revenues based on proposed revenue streams, growth projections, and assumed need for annual revenue increases.

To project the need for revenue increases, the anticipated revenues in one year are compared to the projected revenue requirements in the subsequent year to identify financial gaps. In a given year, these gaps may represent revenue shortfalls that could impede operations or funding surpluses that might allow for system investment or program expansion. To enhance the analysis, SCS incorporates scenario analysis in the form of a "what-if" assessment, which examines the potential impact of changes in various external and internal factors. For example, changes in disposal characteristics, economic conditions, or regulatory requirements can significantly influence both revenues and expenses. This sensitivity analysis helps test the Authority's financial resilience and allows for proactive planning.

The analysis concludes with recommendations for addressing identified gaps, which might include strategies such as long-term rate adjustments, implementing revenue diversification or optimization solutions, or exploring alternative funding sources such as grants or debt issuances. Regular updates to this analysis will help the Authority maintain financial stability by proactively addressing potential shortfalls before they become critical issues.

3.2 KEY ASSUMPTIONS

The financial model incorporates several critical assumptions that drive the 20-year projections:

3.2.1 Tonnage Growth

Tonnage growth projections are informed by historic disposal trends, economic indicators, and per-capita waste generation rates. The Authority is further supported by the findings of its recently completed waste composition and generation studies, which provides data on waste composition and generation rates by property use across the service area.

As detailed in the Task 2 White Paper, the estimate of waste generation is based on County data provided in the Florida Department of Environmental Protection (FDEP) reports titled *2020 MSW Collected and Recycled by Generator Type By Descending Population*[2] and *2020 Total Tons of MSW Materials Collected and Recycled In Florida by Descending Population*[3]. This data includes total population (as reported by the US Census Bureau) and the total tons of single-family, multi-family, and commercial MSW collected. Waste generation is closely correlated with population, and the waste generation rate for a given municipality is commonly reported in tons per capita, per year. The calculated per capita generation rate is used to estimate the total waste generated per year. The generation rate is projected using a trendline of the past five years of per capita growth, with three options: 1) Low, which is the trendline rate less 0.75%, 2) Medium, which is a continuation of the trendline rate, and 3) High, which is the trendline rate +0.75%. The Medium per capita growth rate was used for the initial mass balance model calculations.

The waste generation rate is different for single-family residents, multi-family residents, and commercial employees and customers, so a further refinement of the population estimates for those waste fractions is needed. For this purpose, data in the model includes an estimate of single family and multifamily housing units in 2020, which were taken from the Broward County Affordable Housing Needs Assessment[4]. From this data, both the number of single- and multi-family housing units and the average number of residents per unit can be estimated, which allows an estimate of the population of single-family and multi-family residents. Combining these refined population estimates with the FDEP MSW tonnage data, the per capita waste generation rate ratio for each housing unit type was calculated for 2020, which is the portion of the county-wide per-capita generation rate represented by residents of each housing type. This ratio is then multiplied by the total per capita generation rate to get the direct waste generation rate, which is recalculated as the model year (and county-wide waste generate rate) changes. The commercial waste generation rate ratio is similarly calculated from the commercial tons reported in the FDEP report titled *2020 MSW Collected and Recycled By Generator Type*[5] less the construction and demolition debris (C&D) tonnage reported in the FDEP report titled *2020 Total Tons of MSW Materials Collected and Recycled In Florida*[6], divided by the 2020 population estimate for Broward County from the US Census Bureau. This ratio is then multiplied by the total per capita generation rate to get the direct waste generation rate, which is recalculated as the model year (and county-wide waste generate rate) changes. Calculation of the generation rate for C&D/Bulk Waste materials is not necessary, as

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2 https://floridadep.gov/sites/default/files/2020%20Total%20Tons%20MSW%20Collected%20%26%20Recycled_By_Gen_2.pdf

3 https://floridadep.gov/sites/default/files/2020%20Total%20Tons%20Collected%20and%20Recycled_Other_Paper_Food_Misc.pdf

4 https://www.broward.org/BrowardHousingCouncil/Documents/NeedsAssessment/2022NeedsAssessment.pdf

5 https://floridadep.gov/sites/default/files/2020%20Total%20Tons%20MSW%20Collected%20%26%20Recycled_By_Gen_2.pdf

6 https://floridadep.gov/sites/default/files/2020%20Total%20Tons%20Collected%20and%20Recycled_Other_Paper_Food_Misc.pdf

the total tonnage generated by that waste fraction is the remaining tonnage after the tonnage from all the other waste fractions are calculated.

Based on historical data and growth projections, the model assumes:

- ILA generated tonnage increases from approximately 4.6 million tons in FY 2028 to over 5.4 million tons by FY 2046
- Non-ILA generated tonnage follows similar growth patterns, increasing from approximately 956,000 tons in FY 2028 to approximately 1.1 million tons by FY 2046
- Growth rates vary by material type and reflect anticipated impacts of diversion programs and policy changes

A further discussion of surcharge-eligible tonnage is presented in Section 6.2.4.

3.2.2 Population Growth

Population growth is a key driver of future service demand and revenue. The population calculations for each municipality in the mass balance model begin in 2020, as that was the most recent US Census year, and is referred to as the "Calibration Year". All population projections and growth rates after 2020 are based on the 2023 Broward County and Municipal Population Forecast and Allocation Model (PFAM)[7], published by the Broward County Planning and Development Management Division. Growth rates were adjusted manually for each ILA member for each year of the model from 2020 to 2045 to match (as closely as possible) the population values published in the 2023 PFAM. Based on this, it is projected that the total population among ILA members will be approximately 1.7 million in FY 2027. Further, the model assumes annual household growth averaging 0.48% in early years, declining to 0.44% by FY 2046. This translates to steady but moderate population growth consistent with regional forecasts.

3.2.3 Cost Escalation

Financial forecasting requires assumptions about how costs will escalate over time. Beginning in the first projection year, escalation factors are applied to each line item based on historical trends, industry experience, and available cost indices:

- General inflation for Operations & Maintenance expenses (O&M): 3.00% annually
- Personnel services: 5.00% annually
- Capital Improvement Program (CIP): 3.96% annually based on 5-year average Engineering News Record (ENR) Construction Cost Index (CCI) for all urban consumers.

Other costs were escalated in alignment with tonnage, number of households, or member contract maturity timelines.

[7] https://www.broward.org/Planning/Demographics/Documents/2017PFAMReportA.pdf

3.2.4 Financial Policies

The financial plan incorporated several key financial policies:

- **Minimum Reserve Target:** Equivalent to three months of operating expenses, to support cash flow stability, manage unforeseen expenses, and align with public-sector financial best practices;
- **Capital Funding:** Near-term CIP is assumed to be cash funded; Authority should consider evaluation of debt options for major future infrastructure, if considered in the future; and
- **Capital Reserve Transfer:** 10% of O&M costs are transferred annually into the Capital Reserve starting in FY 2030 to fund future facility upgrades and construction needs.

3.3 SOURCE DATA

The financial projection is built upon the Authority's current budget, future cost estimates, and operational assumptions derived from the Master Plan and Authority staff input. This section summarizes the key data sources and cost parameters that underpin the 20-year financial projections.

3.3.1 Capital Improvement Program

While the Authority may not immediately have large capital outlay expenses in the early years of the budget, when the Authority transitions toward facility ownership and operational involvement, a robust CIP will be essential to support long-term infrastructure needs. The current financial model incorporates the following:

Public Drop-Off Centers

Strategic placement of convenient drop-off facilities throughout Broward County to enhance resident access to recycling and proper disposal options. These facilities would accept a variety of materials including recyclables, household hazardous waste, bulky items, and electronics. It is anticipated that by FY 2033, eight new drop-off facilities will be constructed. The Authority will phase-in two drop-off centers at a time starting with land acquisition in FY 2028. The total land acquisition and construction cost is estimated to be approximately $2.7 million.

Education and Outreach Expenditures

Outreach and education will be an important early initiative for the Authority, as building public awareness and engaging stakeholders are essential to the success of a regional solid waste system. In the initial years of implementation, higher levels of investment will be required to establish communication channels, increase recognition of the Authority's role, and promote waste reduction, recycling, and proper disposal practices among residents and businesses. There are anticipated $1.5 million in program-related expenses in FY 2027 and $4.1 million in FY 2028. Beginning in FY 2031, this cost decreases, with a final cost in FY 2046 of approximately $1.3 million.

- **Initial Start-Up Investment:** Based on anticipated program needs[8] and the Authority's communication plan, outreach and education expenditures are projected to cost up to $10.00 per household per year in the first year of operation.
- **Long-Term Steady-State Costs:** Over time, outreach and education costs are expected to decline as programs become more established, efficiencies are achieved, and the need for intensive start-up messaging diminishes. Even so, the Authority will continue to have recurring communication needs, and it is expected that these expenditures will stabilize at a minimum of $3.00 per household per year.

4.0 RESULTS

The financial projection demonstrates the Authority's financial trajectory under current policies and identifies the revenue requirements necessary to sustain operations and build adequate reserves over the 20-year planning period.

4.1 REVENUE REQUIREMENT PROJECTIONS

Total projected expenditures are presented below in Table 1.

Table 1. Expenditure Projections

Fiscal Year	O&M Expenses ($M)	Capital ($M)	Target Reserve ($M)	Total ($M)
FY 2027	$4.3	$0.5	$1.1	$5.9
FY 2028	$7.1	$0.3	$1.8	$9.2
FY 2029	$7.2	$0.7	$1.8	$9.7
FY 2030	$10.2	$0.7	$2.3	$13.2
FY 2031	$10.3	$0.7	$2.4	$13.4
FY 2040	$16.5	--	$4.8	$20.3
FY 2046	$18.7	--	$4.4	$23.1

The analysis shows that revenue requirements begin at approximately $5.9 million in FY 2027, reflecting limited initial operations, and then rise as the Authority expands its programs and assumes broader regional solid waste responsibilities. Based on the adopted FY 2026 budget of $3.2 million, the Authority is projected to incur the following costs during the first year of operations: $1.5 million in program costs for Education & Outreach, approximately $1.4 million in Professional Services, $70,000 for accounting/financial services, $60,000 in IT services, dues, subscriptions and members, and $145,000 for other miscellaneous expenses. Revenue needs to increase to approximately $9.2 million in FY 2028 and reach $13.4 million by FY 2031 as public drop-off centers are developed. These projections incorporate the full cost of service, including operating expenses, capital funding, reserve requirements, and any applicable debt service.

[8] Task 8: Program Outreach and Education Best Practices White Paper

Operational expenses represent the largest share of total costs, increasing from $4.3 million in FY 2027 to $7.1 million in FY 2028 with the launch of core education and outreach programs, and continuing to rise to $10.2 million by FY 2030 and $16.5 million by FY 2040 due to personnel, fixed operating costs, and tonnage driven variable costs. Capital spending is spread out in the early years with $0.5 million in FY 2027, $0.3 million in FY 2028, and $0.7 million in FY 2029, focused on developing public drop-off centers and supporting program rollout. The financial modeling assumes pay-as-you-go capital funding from operating reserves in later years, although major future infrastructure investments, if pursued, may require evaluating debt financing.

5.0 FUNDING MECHANISM ANALYSIS

The primary revenue mechanisms available to the Authority include tipping/processing fee surcharges and non-ad valorem assessments. Rather than relying exclusively on a single funding source, the Authority will implement a phased approach that begins with the current mechanism of member contributions. As the Authority stabilizes, funding mechanisms will transition into tipping fee surcharges. As programs and facilities are established over time, the Authority can begin to add and/or transition to non-ad valorem assessments. This section evaluates the characteristics, advantages, and limitations of each funding mechanism. The detailed implementation timeline and transition strategy are presented in the Phased-In Implementation Approach (Section 6).

5.1 ILA MEMBER CONTRIBUTION

The current revenue mechanism of revenue contributions from each ILA community allocates costs to each member community according to its share of the total population. Because population data is stable and publicly verified, communities can more easily forecast their contributions. This process reduces administrative burden and minimizes disputes while the Authority is still establishing operations and building initial infrastructure. While this is an administratively easy methodology due to its clarity and reliability, its weakness stems from the fact that population is only a rough proxy for actual waste generation. It does not account for tourism, commercial or industrial waste loads, or differences in per-capita disposal behavior, and it provides no financial incentive for communities to reduce waste or improve diversion. As the Authority matures, population becomes a poor indicator of the factors that drive long-term costs, such as contamination rates, processing expenses, or capital facility usage, making this approach less suitable for equitable, accurate long-term cost allocation.

5.2 TIPPING FEE SURCHARGE

A tipping fee surcharge is a targeted funding mechanism that adds a fixed cost per ton to the base disposal rate at landfills, transfer stations, recycling facilities, or other solid waste management facilities. The surcharge is collected at the gate by facility operators and remitted to the Authority, with the rate calculated by dividing the Authority's annual revenue requirement by the total tons of waste expected to be processed across participating facilities. This mechanism is well suited for initial implementation because it requires minimal billing infrastructure for the Authority and the ILA Members, generates revenue at the point of service delivery, and can be implemented quickly through contractual arrangements with facility operators.

The plan recognizes that accurate tracking, reconciliation, and auditing of tonnage and surcharge revenues across multiple facilities is essential. To address this, the model assumes implementation of standardized reporting protocols across all participating facilities, including uniform definitions of required data, consistent reporting and remittance schedules, and reconciliation procedures. These

practices can be supported through existing scalehouse systems, contractual reporting requirements, and periodic third-party audits to ensure accuracy and compliance.

Compliance enforcement responsibilities are clearly defined. The Authority will be responsible for monitoring and reconciling reported tonnage and surcharge data, ensuring that facilities meet reporting and remittance requirements. Participating municipalities will be responsible for directing collected waste to designated disposal and processing facilities in accordance with ILA. This shared structure ensures that both operational and regulatory oversight functions are aligned with program objectives.

Participation is structured through contractual agreements with facility operators and the surcharge mechanism is designed to be broadly applicable and straightforward to administer. It is collected at the point of disposal and remitted to the Authority, minimizing administrative burden for both parties. Because surcharge is tied directly to tons processed, it provides usage-based equity and offers flexibility in revenue use for Authority purposes including administration, education, infrastructure development, and program operations.

The plan also considered how surcharge design can support broader policy goals as part of the overall framework. Differential pricing between processing and disposal facilities, such as higher surcharge at landfills and lower surcharge at MRFs or C&D facilities, was evaluated. This approach is consistent with industry practices and can help incentivize waste reduction and diversion by increasing the relative cost of disposal. The specific structure and magnitude of any differential would ultimately need to be evaluated during implementation to ensure it effectively supports the 75% recycling goal while maintaining revenue sufficiency and operational feasibility across the system.

However, tipping fees also present limitations. Because they are pass-through costs, haulers and facility operators transmit the surcharge to customers, which may affect affordability and public perception. Revenue can be volatile, fluctuating with economic conditions, seasonal variations, and the success of diversion programs. The mechanism depends on accurate and timely reporting from multiple facilities, requiring robust monitoring and compliance systems. Finally, significant surcharge increases may create risk of illegal dumping if disposal costs become prohibitively expensive, particularly for commercial generators or unlicensed haulers.

5.3 NON-AD VALOREM ASSESSMENT

A non-ad valorem assessment is a property-based charge authorized under Florida law that appears on the annual property tax bill but is not calculated based on property value. Instead, the assessment can be structured as a flat rate per parcel, per household, or based on other equitable allocation methods such as waste generation estimates. Non-ad valorem assessments offer certain advantages for long-term funding. Revenue may be guaranteed by property lien, adding predictability for financial planning and potential debt issuance. Assessment collection occurs annually through the established tax bill system, eliminating the need for separate billing and leveraging the County tax collector's collection mechanisms.

The assessment can be structured to reflect waste generation patterns, distributing costs equitably across residential, commercial, and institutional property types. From a public perception standpoint, non-ad valorem assessments are often viewed as more equitable than indirect charges embedded in disposal costs because they are transparent, predictable, and directly visible to property owners.

Finally, the legal foundation for non-ad valorem assessments is well-established in Florida statutes and case law.

However, non-ad valorem assessments also have limitations. Revenues are typically collected twice per year in Florida (November and March), which may require the Authority to manage cash flow carefully, particularly in early years when reserve balances are limited. There are no mid-year adjustment mechanisms, meaning the Authority cannot respond to unexpected cost increases or revenue shortfalls until the following assessment year. Unlike tipping fees, non-ad valorem assessments do not directly encourage waste diversion because charges are decoupled from actual waste generation behavior. The assessment roll must be updated annually to reflect new development, property transfers, and changes in use, which can be administratively complex and potentially costly. Additionally, revenues from non-ad valorem assessments may be better suited for fixed, predictable long-term costs such as debt service, administration, and capital reserves rather than variable operational expenses tied to fluctuating tonnage or commodity markets.

6.0 PHASED-IN IMPLEMENTATION APPROACH

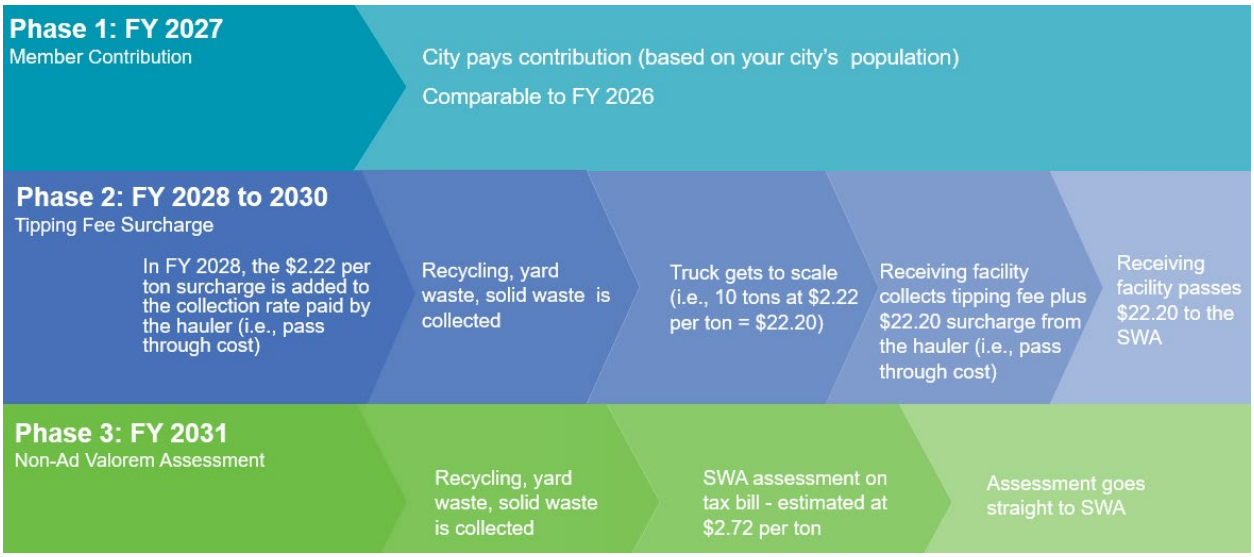
The Authority intends to deliver countywide, reliable, and environmentally responsible solid waste services through phased implementation. Each phase pairs capital and operating needs with a funding mechanism that can effectively fund the system given the timeline and barriers to implementation.

The phased implementation framework is presented below in Figure 1, which illustrates the sequencing of Authority formation, operational transition, and long-term infrastructure development across the three implementation phases.

Figure 1. Phased Implementation Framework Detailed Financial Plan

Figure 2 presents an overview of how funding flows in each phase. Planned Authority activities and revenue structures for each phase are further detailed in the following sections.

Figure 2. Detailed Financial Plan Funding Flow by Phase



6.1 PHASE 1 - AUTHORITY IN ACTUALIZATION / FORMATION, PLANNING, AND ENABLING

As the Authority begins to actualize with its roles and responsibilities in guiding waste management, it assumes three key goals: operations, education and outreach, and drop-off sites. These activities provide shared benefits to all participating member municipalities and, therefore, funding for Phase 1 is primarily derived from population-based ILA member community contributions. The funding generated via the ILA Member contributions, approximately $2.0 million in FY 2027, will allow the Authority to be a fully functioning governing entity.

Revenues support the creation of Authority's governance structure, managing interlocal contracts, legal services, and the staffing necessary to manage regional operations. Funding in this phase also supports the education and outreach of residents within member municipalities. Education and outreach may include development of materials for member residents on the roles and goals of the Authority and a road map to its waste reduction and sustainability goals. Another key component of Phase 1 is the planning and siting of eight (8) drop-off centers. These centers offer broad community benefits, including improved diversion, enhanced access to recycling and proper disposal options for residents across the region, and reduction of illegal dumping. During Phase 1, the Authority will conduct site evaluations, assess regulatory and permitting requirements, engage with host communities, and develop conceptual designs and cost estimates for an initial network of drop-off facilities. Site planning will consider factors such as geographic distribution, population density, proximity to existing infrastructure, environmental constraints, proximity to single-family homes, and accessibility for residents of all member jurisdictions. The Authority will also initiate critical procurement activities related to yard trash and recyclable materials processing and disposal during Phase 1 in preparation for Phase 2 implementation. Key activities include:

- Processing and Disposal Solicitations: The Authority will prepare and issue solicitations for residential curbside recyclable materials processing, residential yard trash processing, and long-term disposal for solid waste and negotiate agreements between

the selected service providers and the Authority on behalf of member jurisdictions. These agreements will address pricing structures, service levels, reporting requirements, and the collection and remittance of surcharges that will fund Authority operations beginning in Phase 2. Negotiations will focus on securing favorable long-term rates, ensuring capacity availability, and establishing mechanisms for the Authority to receive accurate tonnage data and timely surcharge payments.

- Development Services for Drop-Off Centers: Initially, the Authority will conduct siting analysis to identify candidate locations for the drop-off centers. Solicitations will be issued either during Phase 1 or Phase 2 to solicit development partners capable of delivering turnkey drop-off center facilities. These RFPs will specify functional requirements, environmental and safety standards, public accessibility features, and scalability for future expansion. Selected development partners will be contracted to perform facility design, obtain necessary permits, and prepare for construction commencement in Phase 2.
- Surcharge Implementation Framework: In conjunction with disposal facility agreement negotiations, the Authority will develop the administrative and financial systems necessary to implement tipping fee surcharges in Phase 1. This includes establishing reporting protocols for facility operators, creating invoice and payment processing systems, implementing compliance monitoring procedures, and developing enforcement mechanisms to ensure accurate and timely remittance of surcharge revenues. Legal review will confirm that surcharge structures comply with Florida statutes and local ordinances.

By the end of Phase 1, the Authority aims to have established governance framework, completed facility master planning including site identification and preliminary design for drop-off centers, advanced procurement processes for design-build services and disposal facility agreements, finalized the surcharge implementation framework, and selected a contracting entity for operational support. Construction of the drop-off centers will commence in Phase 2 and with operation starting in Phase 3.

6.1.1 Estimated Member Contribution

Table 2 presents the total projected contributions for each ILA member under Phase 1. The estimated amounts for each member are based on 2024 baseline population, with projections for FY 2026 and FY 2027 showing growth trajectories and corresponding financial obligations.

Table 2. ILA Member Contribution

ILA Members	YEAR			
	FY 2026 Population	FY 2026 Contribution	FY 2027 Population	FY 2027 Contribution
Broward Municipal Services District	17,233	$20,831	15,655	$18,458
Coconut Creek	57,702	$69,751	64,084	$75,559
Cooper City	35,024	$42,337	35,965	$42,405
Coral Springs	135,191	$163,420	135,156	$159,358
Dania Beach	33,746	$40,792	35,066	$41,345
Davie	107,410	$129,838	107,802	$127,106
Deerfield Beach	87,402	$105,652	98,758	$116,442
Fort Lauderdale	189,583	$229,170	194,442	$229,260
Hillsboro Beach	1,971	$2,383	2,288	$2,698

ILA Members	YEAR			
	FY 2026	FY 2026	FY 2027	FY 2027
	Population	Contribution	Population	Contribution
Hollywood	155,038	$187,411	153,274	$180,720
Lauderdale Lakes	36,659	$44,314	34,895	$41,144
Lauderdale-by-the-Sea	6,181	$7,472	6,729	$7,934
Lauderhill	74,751	$90,360	79,712	$93,986
Lazy Lake	33	$40	20	$24
Lighthouse Point	10,462	$12,647	10,666	$12,576
Margate	58,544	$70,768	58,858	$69,398
Miramar	139,500	$168,629	137,530	$162,157
North Lauderdale	44,853	$54,219	42,166	$49,717
Oakland Park	46,039	$55,652	46,515	$54,845
Parkland	38,342	$46,348	39,752	$46,871
Pembroke Park	6,105	$7,380	7,060	$8,324
Plantation	98,431	$118,984	103,767	$122,349
Sea Ranch Lakes	535	$647	289	$340
Southwest Ranches	7,796	$9,424	8,459	$9,974
Sunrise	97,899	$118,341	107,986	$127,323
Tamarac	73,130	$88,400	74,371	$87,688
West Park	15,218	$18,396	14,167	$16,704
Weston	68,249	$82,500	68,230	$80,448
Wilton Manors	11,495	$13,895	12,591	$14,845
TOTALS	**1,654,522**	**$2,000,000**	**1,696,255**	**$2,000,000**

6.2 PHASE 2 – SYSTEM TRANSITION AND PRE-CONSTRUCTION

Phase 2 marks the transition from system planning into active operational control, supported by a two-year surcharge through flow control for ILA member communities. There may be some overlap period or an extension of Phase 2 surcharges depending on when the non-ad valorem assessment is developed. This surcharge will support operations and allow for reserves for future funding of facilities/programs needed to continue advancing towards meeting the 75% recycling and diversion goals. During this phase, the Authority begins managing key functions such as contracted processing disposal and further development and operations of the drop-off sites. These costs scale directly with volume of waste delivered, and tonnage-based fees ensure that each ton generated will bear the cost of the burden they place on the system.

Future capital investments in Phase 3 and beyond may include a new transfer station, a materials recovery facility, expansion of existing drop-off centers, and organics processing infrastructure. These facilities are not currently evaluated in the financial model.

6.2.1 Statutory Authority for Surcharge

The implementation of a surcharge is the Authority's first long-term, usage-based revenue mechanism and forms the foundation of Phase 2 of the financial plan. As the Authority transitions from formation to operational readiness, the surcharge provides a scalable, equitable, and administratively efficient funding source that aligns with the Authority's expanding responsibilities beginning in FY 2028. This section outlines the statutory authority supporting the surcharge, the procedural steps required for adoption, and the anticipated implementation timeline consistent with the phased funding strategy.

The Authority's ability to impose a surcharge is supported by Florida statutes, Broward County's home-rule powers, and the Authority's ILA. Together, these authorities provide a clear legal foundation for establishing a per-ton surcharge on waste disposed of at participating facilities.

- **County Home-Rule Authority (Section 121.01, Florida Statutes)**: Florida counties possess broad home-rule authority to establish, operate, and finance solid waste systems, including power to fix and collect for services and facilities under their jurisdiction
- **Solid Waste Management Authority Under Chapter 403, Florida Statutes**: Section 403.706 authorizes local governments to provide and fund solid waste management systems and to recover associated costs through user fees. The surcharge aligns with the Authority's statutory purpose to develop long-term plan for waste disposal.
- **Interlocal Agreement (ILA) Authority**: The ILA establishes the Authority as the regional entity responsible for planning, coordinating, and funding solid waste disposal and recyclable materials processing across member jurisdictions. The Interlocal Agreement, in effect, authorizes the Authority to establish funding mechanisms to implement programs necessary to meet its obligations.

6.2.2 Implementation Requirements

Successful implementation of the surcharge requires coordinated action across governance, contracting, administrative system development, and stakeholder engagement. The following steps must be completed prior to the FY 2028 activation date.

Adoption of Surcharge Resolution

The Authority's Governing Board must adopt a formal resolution establishing the surcharge. The resolution should include:

- Contracting Authority
- Surcharge rate (e.g., $2.22 per ton in FY 2028)
- Waste types subject to the surcharge
- Effective date and applicability across facilities
- Purpose and allowable uses of surcharge revenue
- Reporting, remittance, and audit requirements
- Enforcement provisions for non-compliance

This action formalizes the surcharge as part of the Authority's rate structure and provides legal basis for collection.

Public Notice and Stakeholder Engagement

Although surcharges are not subject to Truth in Millage (TRIM) requirements, the Authority should provide public notice and conduct at least one public meeting to ensure transparency. Engagement with haulers, member communities, and facility operators is essential to support contract amendments, compliance, and public communication.

Contractual Coordination

Many municipalities maintain franchise agreements with private haulers. These agreements may require amendments or notice periods to allow haulers to pass through the surcharge to customers.

Coordination during Phase 1 ensures that municipalities and haulers can adjust their billing structures in time for the FY 2028 implementation.

Administrative Systems Development

The Authority should establish the administrative infrastructure necessary to support surcharge collection such as:

- Tonnage reporting protocols
- Invoice and payment processing systems
- Compliance monitoring and auditing procedures
- Financial accounting systems to track surcharge revenue

These systems should be considered during Phase 1 in parallel with disposal facility agreement negotiations.

6.2.3 Phase 2 Implementation Timeline

Below is a detailed timeline for implementing the surcharge that aligns with the Authority's phased funding strategy and the operational milestones identified in the financial plan.

FY 2027 (Phase 1 – Preparation and Enabling Activities)

During FY 2027, the Authority will complete the foundational activities necessary for surcharge implementation, including:

- Finalizing processing and disposal agreements
- Developing administrative and financial systems for surcharge collection
- Conducting legal review of surcharge structure and resolution language
- Engaging with haulers and municipalities to prepare for contract adjustments
- Initiating public communication and education regarding the surcharge

These activities ensure that the Authority is fully prepared to activate the surcharge at the start of Phase 2.

FY 2028 (Phase 2 – Surcharge Activation)

The surcharge becomes effective in FY 2028. Facility operators will begin collecting and remitting surcharge revenue to the Authority. During this year, the Authority will initiate compliance monitoring and reporting, and surcharge revenue will support administrative operations, education and outreach, and early capital planning. The surcharge is projected to generate approximately $9.2 million in FY 2028.

FY 2029–FY 2030 (Phase 2 – Revenue Scaling and System Maturation)

During FY 2029 and FY 2030, the surcharge will increase modestly to reflect rising revenue requirements. The Authority will expand program operations, build financial reserves, and prepare for the transition to non-ad valorem assessments. Administrative systems will reach full operational maturity, and the Authority will evaluate the ongoing role of the surcharge in long-term financial planning.

FY 2030–FY 2031 (Phase 2–3 Transition)

A one-year overlap period is anticipated as the Authority transitions to non-ad valorem assessments. During this period, the surcharge may remain in place for certain waste streams to ensure revenue stability while the assessment roll is developed and implemented.

6.2.4 Estimated Surcharge Based on Tonnage

In Phase 2, residential and non-residential properties will pay a surcharge based on actual tons delivered to designated processing and/or disposal facilities. Therefore, costs are allocated in direct proportion to waste generation. Because the surcharge is applied at the point of processing and disposal and tied to measured tonnage, residents and non-residents pay only for the material they contribute to the system. This approach promotes fairness across the system by preventing cross-subsidization between residential and commercial customers (or low and high generating areas) and ensuring that each community's financial responsibility reflects its own disposal activity.

Although surcharge calculations are based on projected systemwide tonnage, the financial model does not assume that 100% of the waste generated within ILA communities will be captured by a scale at a receiving facility for processing or disposal. For the purpose of estimating the Authority-controlled waste tonnage over the planning horizon, the financial analysis relies on the 2023 Solid Waste Management Report published by FDEP and the underlying data. The 2023 FDEP Solid Waste Management Report indicates that approximately 4.9 million tons of waste are collected in Broward County, which is projected to increase to an estimated 5.5 million tons in FY 2028, the first year of Phase 2. Of the total tonnage in FY 2028, approximately 956,000 tons are attributed to non-ILA cities. Accordingly, for planning purposes, the model assumes that approximately 4.6 million tons are attributed to ILA members and would be subject to a surcharge in FY 2028. However, it is recognized that not all waste generated within the County will be received at surcharge-eligible facilities. This portion of the waste stream are reflected as "non-certified tons" in the 2023 FDEP Solid Waste Management Report and it represents approximately 10% of the waste stream. Examples of "non-certified tons" include materials that are backhauled from a retail operation to a regional distribution center outside of Broward County, material used as lakefill, yard trash used for daily cover, etc. Therefore, the model assumes that approximately 4.1 million tons (4.6 million less the 10% assumed for non-certified tons) would be applicable to a surcharge in FY 2028. This assumption provides a realistic basis for projecting revenue for FY 2028 and thereafter. If the Authority captures more than 90% of the inbound tonnage, the Authority would realize additional revenue, reducing the need for higher surcharge rates over time. It is, in part, for this reason that it is recommended that the Authority conduct an annual review of facility rates, service charges, and other pricing provisions as part of the Authority's financial planning and budgeting process, as detailed further in Section 7.3.

6.3 PHASE 3 – CONSTRUCTING THE NEXT GENERATION OF WASTE INFRASTRUCTURE

In Phase 3, the Authority will implement a special assessment that assigns costs to parcels based on waste generation characteristics associated with their specific property use. This approach recognizes that different types of parcels, such as single-family homes, multifamily complexes, commercial retail, and restaurants, generate waste at very different rates. Parcels that generate more waste, or require higher-capacity disposal infrastructure, contribute more toward the system's long-term capital and operational needs than parcels that produce smaller, more predictable waste streams.

This special assessment structure is particularly applicable in Phase 3 because the primary goals are the operation of existing programs and drop-off sites, and potential construction, commissioning, and operation of other disposal-related facilities. As mentioned, this may consist of transfer stations, recycling processing centers, organics infrastructure, or improvement in long-term disposal capacity.

These assets protect the entire region's ability to dispose of waste reliably, respond to growth, and meet environmental standards. Because these facilities provide a direct and essential service to all property types and therefore require substantial, long-lived capital investment, the special assessment ensures that the financial responsibility for constructing and operating them is distributed based on each parcel's expected impact on the waste system. This method also offers a stable and predictable revenue source, which is critical for debt financing, reserve funding, and asset lifecycle management as the Authority builds its permanent infrastructure.

6.3.1 Statutory Authority for Non-Ad Valorem Assessments

The Authority's ability to levy non-ad valorem assessments is supported by Florida statutes, Broward County's home-rule authority, and the Authority's ILA. Together, these authorities provide a clear legal foundation for establishing a property-based assessment program

- Uniform Method of Collection (Section 197.3632): Florida law authorizes local governments to levy non-ad valorem special assessments and collect them using the uniform method on the annual property tax bill. This statute establishes the procedural requirements for adoption, such as adoption of an intent-to-use resolution, published and mailed notices, public hearings, and preparation and certification of the assessment roll.
- County Home-Rule Powers (Section 125.01, Florida Statues): Counties may create and fund programs that provide countywide benefits, including solid waste management services. Home-rule authorities support the use of assessments to fund regional programs that benefit all properties such as education and outreach, drop-off centers, and long-term planning.

6.3.2 Implementation Requirements

Implementing a non-ad valorem special assessment requires a structured, multistep process involving legal actions, public notification, data preparation, and coordination with the Broward County Property Appraiser and Tax Collector. The following steps must be completed prior to the FY 2031 assessment year.

Adoption of Intent-to-Use Resolution

The Governing Board must adopt a resolution stating its intent to use the uniform method of collection. This resolution must be adopted by January of the year preceding the first assessment and must be advertised once per week for four consecutive weeks and filed with the Broward County Property Appraiser and Tax Collector to formally initiate the assessment process.

Development of Assessment Methodology

The Authority must develop an assessment methodology that allocates costs equitably across property types. The methodology must consider residential units, commercial square footage, waste generation characteristics, and service availability. The methodology must demonstrate a logical relationship between the assessment and the benefits provided.

For example, a small accounting firm should assume a different waste generation factor as it will not generate the same amount of waste as a large grocery store. Each property may be grouped using waste generation categories based on pounds of waste generated per square foot per year.

- Low (L) 0-2 lbs./sf/yr
- Medium Low (ML) 2-4 lbs./sf/yr
- Medium (M) 4-6 lbs./sf/yr
- Medium High (MH) 6-8 lbs./sf/yr
- High (H) Greater than 8 lbs./sf/yr

Based on the assumed waste generation for each property in the property roll, an average waste generation for each class and an equivalent billable unit based on that waste generation can be determined.

Adoption of Initial Assessment Resolution

The Governing Board must adopt an initial assessment resolution that describes the assessment program, identifies the properties to be assessed, and establish the proposed assessment rates. It will then invite public engagement through public hearings. This resolution provides the legal basis for public notice.

Public Notice and Hearing Requirements

Florida law requires that all affected property owners should be mailed a notice. A published notice in a newspaper of general circulation and a public hearing is required to adopt the final assessment resolution to ensure transparency and provides an opportunity for the public to comment.

Preparation and Certification of the Assessment Roll

The Authority must prepare an assessment roll listing all assessed properties and the corresponding assessment amounts. The assessment roll must be certified to the Broward County Tax Collector by September 15 of each year.

Coordination With Municipalities and Haulers

Municipalities and haulers must adjust their billing structures to reflect the transition from surcharge-based funding to assessment-based funding. Coordination during FY 2030 ensures a smooth transition.

6.3.3 Phase 3 Implementation Timeline

Below is a detailed timeline for implementing the surcharge that aligns with the Authority's phased funding strategy and the operational milestones identified in the financial plan.

FY 2029–FY 2030 (Late Phase 2 – Assessment Planning and Development)

During the latter part of Phase 2, the Authority will:

- Develop the assessment methodology
- Conduct legal review of assessment structure
- Engage with municipalities and stakeholders
- Prepare for the intent-to-use resolution

This planning period overlaps with the final years of the surcharge program.

FY 2030 (Phase 2–3 Transition – Legal and Procedural Actions)

In FY 2030, the Authority will undertake the statutory actions required to implement the assessment under Section 197.3632, Florida Statutes. This includes adopting the intent-to-use resolution, publishing the required notices, and preparing the initial assessment roll. The Governing Board will also adopt the initial assessment resolution, which describes the assessment program, identifies the properties to be assessed, and establishes the proposed assessment rates. These actions ensure compliance with statutory requirements and position the Authority to activate the assessment in the following fiscal year.

FY 2031 (Phase 3 – Assessment Activation)

FY 2031 marks the first year in which the non-ad valorem assessment becomes effective. During this year, the Authority will adopt the final assessment resolution, issue mailed and published notices to property owners, and certify the assessment roll to the Broward County Tax Collector. The assessment will then appear on the annual property tax bill. To maintain revenue stability during the transition, the tipping fee surcharge may remain in place for certain waste streams during the FY 2030 – FY 2031 overlap period while the assessment roll is being finalized and implemented.

FY 2032 and Beyond (Phase 3 – Long-Term Stabilization)

Beginning in FY 2032 and continuing into the out-years of Phase 3, the non-ad valorem assessment becomes the Authority's primary long-term revenue mechanism. The Authority will update the assessment roll annually to reflect changes in development, land use, and service demand, ensuring that the assessment remains equitable and aligned with the Authority's financial requirements. During this period, the Authority may evaluate whether to retain, reduce, or eliminate any remaining surcharges based on long-term financial needs, disposal trends, and the performance of the assessment program.

6.4 RECOMMENDED IMPLEMENTATION PLAN

Based on the financial modeling, Table 3 below presents the recommended cost per ton funding structure for FY 2027 through FY 2033 that will be applied to residential customers. The table presents the anticipated cost per ton and indicates the primary funding mechanism in each fiscal year as the Authority transitions from Phase 2 (tipping fee surcharge) to Phase 3 (non-ad valorem assessment). Specific assessment amounts will be determined through detailed assessment development studies and policy decisions by the Authority's Governing Board.

Table 3. Recommended Phase Implementation Plan

Fiscal Year	Cost per Ton	Funding Mechanism
FY 2027	–	Member Contribution
FY 2028	$ 2.22	Surcharge
FY 2029	$ 2.33	Surcharge

FY 2030	$	2.52	Surcharge/Non-Ad Valorem Assessment
FY 2031	$	2.72	Non-Ad Valorem Assessment
FY 2032	$	2.94	Non-Ad Valorem Assessment
FY 2033	$	3.17	Non-Ad Valorem Assessment

This fee schedule reflects a transition from tipping fee surcharges in Phase 2 (FY 2028-FY 2030) to non-ad valorem assessments beginning in Phase 3 (FY 2031 onward), with a one-year overlap period (FY 2030-FY 2031) allowing for gradual implementation and system testing. Annual revenue adjustments begin with moderate increases during the Phase 2 period (5.00% in FY 2029, 8.00% until FY 2033) to reach full cost recovery. Starting in FY 2034, the Authority is projected to require a minimum annual revenue adjustment of 1.50% to maintain financial stability. However, the Authority may adopt an annual revenue adjustment, at a maximum, that aligns with the Producer Price Index for Solid Waste Collection, Series ID: PCU562111562111 (PPI-SW), which reflects industry-specific cost escalation for solid waste collection, reported on a non-seasonally adjusted basis.

These annual adjustments are intended to ensure revenues keep pace with inflation and rising operating costs. Based on the most recent 10-year historical trend, the PPI-SW has increased at an average annual rate of approximately 4.59%.

In addition, during Phase 1, the Authority intends to prepare and issue solicitations to secure binding prices for yard trash and recyclable materials processing, and disposal (including waste-to-energy) fees (i.e., tipping fees) for each ton of waste received. For planning purposes, and to align with Article 24 of the Facilities Amendment, Table 5 presents the established Maximum Service Charges. This maximum cost can be used for planning, and greater clarity can be gained by developing and issuing solicitations for materials processing and disposal.

Table 4. Materials Processing Maximum Service Charge

Material Type	Estimated Tipping Fee Cost Range [4] (per ton)
Recyclable Materials [1]	$110.00
Yard Trash (for Disposal)	$52.56
Yard Trash (for Beneficial Use)	$80.00
Solid Waste Disposal (Class I Waste) [2]	$57.49
Solid Waste Disposal (Class III Waste) [3]	$52.56

NOTES:

1. Does not reflect a cost offset based on the Average Market Value of the recyclable materials sold to market.
2. "Class I Waste" means solid waste that is not hazardous waste, and that is not prohibited from disposal in a lined landfill under rule 62-701.300, F.A.C.
3. "Class III Waste" means yard trash, construction and demolition debris, processed tires, asbestos, carpet, cardboard, paper, glass, plastic, furniture other than appliances, or other materials approved by the Department, that are not expected to produce leachate that poses a threat to public health or the environment.
4. Maximum service charges as of October 1, 2025. These charges will escalate on an annual basis in accordance with the established annual revenue adjustment - the PPI-SW.

Through flow control and economies of scale, the Authority will secure binding competitive rates that are expected to be lower than those currently paid under existing contracts. The pricing achieved through a competitive procurement process is anticipated to serve as a cost offset against the rates currently paid by ILA members under their current collection agreements.

As the Authority matures and its operational framework becomes more established, it will also be necessary to align the collection agreements across ILA member municipalities. Currently, these agreements vary in structure and terms across the membership. Standardizing and harmonizing these agreements over time will be essential to ensuring consistent service delivery, equitable cost allocation, and the administrative efficiency required to manage the Authority as a unified entity.

7.0 RECOMMENDATIONS

Based on the financial projections, SCS recommends the following financial policies and strategies to ensure the Authority's long-term financial sustainability:

7.1 FEE-SETTING AND REVENUE MANAGEMENT

The Authority should adopt the recommended phased approach, beginning with tipping fee surcharges in Phase 2 (FY 2028-FY 2030) and transitioning to non-ad valorem assessments in Phase 3 (FY 2031-FY 2046). This dual-mechanism approach leverages the implementation advantages of tipping fee surcharges in early years while building toward the long-term revenue stability provided by property-based assessments. During Phase 2, tipping fee surcharges should be established annually based on projected revenue requirements and anticipated tonnage, beginning with an initial rate of $2.22 in FY 2028, $2.33 in FY 2029, and $2.52 in FY 2030 to reach full cost recovery. As the Authority transitions to Phase 3, non-ad valorem assessment amounts are anticipated to recover a cost of $2.72 per ton. A one-year overlap period (FY 2030-FY 2031) may be necessary to allow for parallel operation of both revenue mechanisms, enabling system testing and gradual revenue transition while minimizing disruption to member jurisdictions and ratepayers.

7.2 RESERVES AND CAPITAL PLANNING

The Authority should maintain operating reserves equivalent to at least three months of operating expenses, consistent with industry best practices. Separate capital reserves should be established for future infrastructure investments to avoid operational disruptions when major projects are undertaken. A multi-year reserve accumulation plan should be developed to build adequate cushion before undertaking major capital projects, ensuring that reserve drawdowns for capital purposes do not compromise operational liquidity. The financial framework is designed to position the Authority to begin advancing priority infrastructure within the planning horizon. This could include a combination of pay-as-you-go funding from accumulated reserves and the use of financing mechanisms, depending on project scale and timing. Therefore, transfers into the capital reserve are projected to begin in FY 2030, with the reserve reaching approximately $19 million by FY 2046.

7.2.1 Potential Capital Infrastructure Investments

While the current policy direction is to maximize the use of existing solid waste management infrastructure, as the Authority matures, strategic capital investments in solid waste infrastructure may become necessary to support regional goals, enhance service quality, and provide long-term cost stability. The following sections outline key infrastructure types that may warrant capital reserve allocation in future years.

Materials Recovery Facilities (MRFs)

The Authority may consider developing or acquiring materials recovery facilities to process recyclable materials collected throughout the region. Authority ownership or operation of MRF capacity offers several strategic advantages. First, it provides greater control over processing costs, which have historically been volatile and subject to commodity market fluctuations and changing contamination standards. By owning processing capacity, the Authority can stabilize long-term costs through direct operational management rather than relying entirely on third-party contracts that may be subject to significant rate adjustments. Second, Authority-owned MRF capacity ensures processing availability and reliability. In a tight market where regional processing capacity may be constrained, having dedicated capacity protects member jurisdictions from potential service disruptions or the need to transport materials long distances at higher costs. Third, ownership allows the Authority to implement advanced sorting technologies and quality control measures to reduce contamination and improve the marketability of recovered materials, potentially generating offset revenues while advancing the region's recycling goals.

Transfer Stations

Transfer stations serve as critical consolidation points in the waste management system, allowing vehicles to deposit waste at conveniently located facilities where it is then transferred to larger transport vehicles for delivery to final disposal sites. Currently, many ILA Members, through their collection service providers, utilize private transfer stations. The Authority may need to invest in transfer station capacity if existing facilities reach capacity limits, if population growth in underserved areas creates demand for new locations, or if current facility ownership arrangements become unfavorable. Authority ownership of transfer stations provides cost control and operational flexibility. Direct ownership eliminates the need to negotiate gate fees with third-party operators and provides the Authority with control over fee structures charged to haulers and member jurisdictions. Additionally, Authority-owned stations can be strategically located to minimize transport distances and associated costs and can be designed to accommodate future needs such as organics separation, bulky waste processing, or household hazardous waste collection. financial benefits of Authority ownership become particularly compelling when existing private facilities approach the end of their host agreements or when facility operators signal intent to substantially increase gate fees, as direct ownership can provide decades of cost stability.

Public Drop-Off Centers and Convenience Sites

Expanding the network of public drop-off centers beyond the eight (8) that are currently planned for development, enhances resident access to recycling and proper disposal options while supporting the Authority's waste diversion goals. These facilities typically accept materials that are not collected curbside, including electronics, household hazardous waste, scrap metal, bulky items, and yard waste. Authority investment in strategically located drop-off centers serves multiple purposes: improving service equity by ensuring all residents have convenient access regardless of location, reducing illegal dumping by providing legitimate disposal pathways, and increasing diversion rates by capturing materials that would otherwise be landfilled. Drop-off centers can also serve as educational and outreach hubs, demonstrating the Authority's commitment to sustainability.

Organics Processing Infrastructure

As the Authority advances toward higher waste diversion targets, investment in organics processing infrastructure such as composting facilities and/or a biochar facility may become strategically important. Florida's 75% recycling goal effectively requires significant diversion of organic materials,

which represent a substantial portion of the waste stream. Authority investment in composting or anaerobic digestion capacity would allow the region to process food waste, yard waste, and other organic materials locally rather than relying on limited existing capacity or transporting materials long distances. Organics processing facilities can also generate valuable end products such as compost, mulch, or renewable natural gas that can be sold to offset operational costs. The business case for Authority investment in organics processing strengthens as landfill tipping fees increase, regulatory requirements for organics diversion emerge, and markets for compost and renewable energy products mature.

7.3 FINANCIAL MONITORING AND REPORTING

The financial projection should be updated annually to reflect actual performance, updated projections, and policy changes, ensuring that financial planning remains responsive to current conditions. Key performance indicators including tonnage trends, cost per ton, operating ratio, reserve adequacy, and variance from budget should be monitored continuously to identify emerging issues early. Quarterly financial reports should be provided to the Governing Board highlighting variances in terms of budget, emerging trends, risks and opportunities, and recommended actions. Dashboard metrics should be developed for transparency and stakeholder communication, presenting complex financial data in accessible formats for Board members, member jurisdictions, and the public. Periodic benchmarking should be conducted against peer authorities to validate cost efficiency, rate competitiveness, and operational performance.

7.4 RISK MANAGEMENT

Contingency plans should be developed for revenue shortfalls due to tonnage declines, economic downturns, or facility disruptions, including protocols for temporary rate adjustments, reserve utilization, or expenditure reductions. Adequate insurance coverage should be maintained for liability, property, and business interruption to protect the Authority from catastrophic losses. Protocols should be established for rate stabilization or emergency borrowing if reserves fall below established targets, ensuring that the Authority can respond quickly to financial stress. Regulatory and legislative developments that could impact operations or revenue sources should be monitored continuously, with proactive engagement in policy discussions to protect the Authority's interests. Opportunities for revenue diversification should be evaluated to reduce reliance on tipping fee surcharges and create a more stable, resilient revenue base.

8.0 CONCLUSION

The detailed financial plan demonstrates that the Authority can achieve financial sustainability through a strategically phased revenue plan combined with prudent financial management. The recommended funding structure transitions from population-based member contributions in Phase 1 (FY 2027) to tipping fee surcharges in Phase 2 (FY 2028-FY 2030), and ultimately to non-ad valorem assessments in Phase 3 (FY 2031-FY 2046). This phased approach leverages the implementation advantages of each mechanism at the appropriate stage of the Authority's development, beginning with readily achievable funding sources and building toward the long-term revenue stability and equity provided by property-based assessments. The one-year overlap period during the transition (FY 2030-FY 2031) allows for system testing, rate calibration, and gradual adjustment by member jurisdictions and their residents, minimizing disruption while ensuring continuous funding for Authority operations and programs.

Revenue requirements increase from approximately $5.9 million in FY 2027 to approximately $23.1 million by FY 2046, driven by expanded programs, cost escalation, tonnage growth, and the Authority's increasing role in regional solid waste management. During Phase 2, tipping fee surcharges will be established to reach full cost recovery, beginning with initial rates of an estimated $2.22 in FY 2028 and increasing systematically to an estimated $3.85 through FY 2046. Annual revenue adjustments during this ramp-up period balance the need for adequate revenue with manageable rate impacts, avoiding excessive customer burden while building the financial foundation for long-term operations. Following the transition to non-ad valorem assessments in Phase 3, modest annual adjustments of approximately 8.00% during the initial years of implementation are expected to be sufficient. An annual inflationary-like increase of 1.50% was assumed starting in FY 2034 – FY 2046. The recommended fee structure balances immediate program funding needs with gradual increases and transparent rate-setting, supporting stakeholder confidence and long-term affordability.

Fund balance projections indicate that reserves remain above minimum targets throughout the planning period under base assumptions, providing adequate financial cushion for operational continuity and capital investment. The Authority's reserve strategy includes maintaining operating reserves equivalent to at least three months of operating expenses and establishing separate capital reserves for future infrastructure needs. Rate stabilization reserves will provide additional protection against revenue volatility, particularly during Phase 2 when tipping fee revenues may fluctuate with tonnage changes. Sensitivity analyses reveal that the financial plan is resilient to moderate variations in key assumptions such as tonnage growth, cost escalation, and capital program timing, though ongoing monitoring and periodic adjustment will be necessary to respond to changing conditions.

In addition to routine financial monitoring, and in accordance with Article 24 of the Facilities Amendment, the Authority will conduct an annual review of facility rates, service charges, and other pricing provisions as part of the Authority’s financial planning and budgeting process. The annual review will evaluate operating costs, capital funding needs, tonnage trends, reserve levels, and other financial indicators to determine whether adjustments to tipping fees, service charges, or other pricing elements may be necessary to maintain financial sustainability and compliance with the Authority’s financial policies.

At least once every five (5) years, the Authority will retain a qualified independent expert with experience in solid waste and recyclable materials pricing and market analysis to conduct a comprehensive rate and fee study. This analysis will evaluate the Authority’s pricing structure relative to cost of services, and will include benchmarking of tipping fees, processing costs, reserve practices, and other relevant indicators.

The results of the study will be presented to the Authority and may be used to inform, support, or evaluate potential amendments to the Master Plan, Financial Plan, or service agreements, including adjustments to tipping fees, service charges, Maximum Service Charges, or other pricing provisions. These periodic studies will complement the Authority’s annual rate review process and ensure that rates remain financially sustainable and aligned with the Authority’s long-term operational and capital funding requirements.

Adoption of the recommended financial policies, including the phased revenue structure, annual rate reviews, reserve management policies, capital planning, and revenue diversification strategies, will position the Authority for long-term success and stakeholder confidence while establishing financial safeguards that protect the Authority's operational stability and credit quality.

Implementation of this detailed financial plan will provide the Authority with a clear roadmap to fulfill its mission of developing and implementing a long-term, environmentally sustainable, transparent, innovative, and economically efficient plan for waste disposal, reduction, recycling, and reuse in Broward County. The financial framework presented in this memorandum supports the Authority's statutory obligations under the Interlocal Agreement, addresses the financial requirements of member jurisdictions, and establishes the fiscal foundation necessary to achieve the region's waste diversion and sustainability goals. Regular updates to the financial projections and proactive financial management will ensure that the Authority maintains financial health, delivers value to its member jurisdictions and the community, and advances toward a more sustainable future for solid waste management in Broward County.