



**SCRRRA Board Policy Statement
Future Service Fee Strategy
November 2023**

I. Purpose:

The purpose of this policy statement is to set forth the longer-term goals that SCRRRA will utilize in setting the service fee over the next several years. This is necessary due to the significant market cost increases facing the state of Connecticut and SCRRRA as a result of a numerous factors including: the closure of the mid-Connecticut waste-to-energy facility; the lack of any new replacement facility and technology; increased reliance on private out of state disposal; the state of Connecticut self-sufficiency imbalance; proposed state increases in solid waste assessments; and the lack of robust recycling markets.

This Policy provides an overview of the approach that will be taken by SCRRRA in developing future annual service fees as part of the annual budgeting cycle. It is available to be shared with the member municipalities to provide them guidance as to the potential future impact on municipal budgets.

II. Policy:

SCRRRA as part of its annual service fee budgeting cycles is establishing a two-part goal.

First, the setting of service fees will achieve full cost/revenue equilibrium by December 31, 2030, the expiration of the current municipal solid waste agreement.

Secondly, the setting of service fees will provide for sufficient reserves to allowing for at least 5 years amortization of the initial increase in the new MSW waste disposal agreement effective 1/1/2031 and including the continuance of the additional services provided by SCRRRA as part of the service fee.

The goals are to maintain service fees in line with the ongoing escalation of costs as determined by the marketplace. They will reflect any actual contractual terms and corresponding escalations and estimates of future disposal costs when current favorable contract terms expire.

III. Market/Cost Assessment:

On an annual basis, management will reassess the solid waste market variables and ascertain any major changes. These will be factored into a current assessment of the reserve level into the service fee outlook strategy and presented to the Board of Directors.

IV. Board Oversight:

On an annual basis the Board and designated committee(s) will review management's reassessment and adjust the strategy appropriately.

Adopted: _____

Date: _____

11/13/2023