



City of Watertown, WI

2026 Solid Waste Study

May 12th, 2026 Public Works Commission

Why are we here?

- Impact of Solid Waste CIP
- Identify fiscal sustainability
- Our Process:
 - ✓ Historical Rate Performance
 - ✓ Future Projections
 - O&M
 - Funding Projects: Debt vs. Cash
 - Rate Impact

Historical Rate Performance & Cash Position

Revenue Requirement		Shown with no increase				Est	Budget
Component	Description	2021	2022	2023	2024	2025	2026
Cash Basis							
1	O&M	\$1,196,355	\$1,315,441	\$1,327,062	\$1,397,418	\$1,429,906	\$1,700,239
2	Debt	\$71,450	\$74,575	\$77,400	\$75,000	\$72,600	\$35,700
3	Cash Funded Capital^	\$28,580	\$311,947	\$75,140	\$41,620	\$579,772	\$216,425
Less:							
	Other Revenue ¹	\$113,050	\$205,768	\$199,625	\$206,346	\$239,879	\$160,150
	Interest Income	\$0	\$9,558	\$37,338	\$51,027	\$41,761	\$43,000
	Revenue Requirement (Costs less Other Income)	\$1,183,335	\$1,486,637	\$1,242,639	\$1,256,665	\$1,800,638	\$1,749,214
	User Rates Revenue	\$1,525,183	\$1,436,961	\$1,440,668	\$1,442,194	\$1,437,509	\$1,450,194
	Rate Adequacy	\$341,848	(\$49,676)	\$198,029	\$185,529	(\$363,129)	(\$299,020)
	Rate Adjustment Needed	0.00%	3.46%	0.00%	0.00%	25.26%	20.62%

Notes:

^Includes recommended debt coverage at 1.4x annual debt payment

1) Other Income includes Penalties, Recycling Grants, Fees for Items collected at the Street, & Sale of Recyclables/Recycling Bins.

	Actual				Estimated	Budget
	2021	2022	2023	2024	2025	2026
Target minimum cash balance						
Target minimum working capital - Ehlers ¹	403,435	409,166	424,355	431,780	466,497	444,368
Actual working capital-cash balance						
Over (Under) Ehlers target	755,522	735,675	964,662	1,180,194	846,105	561,365
	352,087	326,510	540,308	748,414	379,608	116,996
Notes:						
1) Target capital equals 3 mos of next year's operating expenses, plus 100% of following year's debt.						

Expenditure Forecast

EXPENDITURE CODES			
CODE	DEFINITION	INCREASE	EXPLANATION
C	Commodities	3.00%	Fuel & Mileage, Office Supplies, Operating Supplies, Utilities, Uniforms, Office Furniture & Equipment
E	Employee Insurance	10.00%	Health, Dental & Life Insurance, Post Employment Health Plan, Long Term Disability
I	Insurance	4.00%	Property & Liability
S	Services	1.00%	Advertising & Printing, Communications, Contractual Services, Dues & Memberships, Janitorial Services, Maintenance Agreements, Meetings & Training, Professional Services, Publications & Subscriptions, Repairs & Maintenance
W	Wages	4.00%	Regular & Seasonal Wages, Overtime, Holiday & Misc. Compensation, Longevity, Premium Pay, Social Security, Retirement, Unemployment Compensation

Capital Improvement Plan

Scenario 1 – Cash Funded

Projects	Funding	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Totals
Refuse & Recycling Home Containers	Cash	31,000										31,000
Refuse Truck	Cash	171,145				50,000		135,000		270,000		626,145
Refuse Truck	Cash			385,000		350,000		275,000		150,000		1,160,000
Building: Façade, roof repairs, plumbing, electrical, HVAC, door locks, plumbing	Cash			75,000								75,000
905 S Second St purchase	Cash		45,000									45,000
Cady St Recycling: roof replacement	Cash		140,767									140,767
Cady St Recycling: electrical upgrades	Cash		23,414									23,414
Cady St Recycling: siding & pavement rehab	Cash				175,000							175,000
Actual CIP Costs		202,145	209,181	460,000	175,000	400,000	0	410,000	0	420,000	0	2,276,326
Sources of Funding		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
G.O. Debt		0	0	0	0	0	0	0	0	0	0	0
Revenue Debt		0	0	0	0	0	0	0	0	0	0	0
Grants/Aids		0	0	0	0	0	0	0	0	0	0	0
Special Assessment		0	0	0	0	0	0	0	0	0	0	0
User Fees		0	0	0	0	0	0	0	0	0	0	0
Tax Levy		0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund		0	0	0	0	0	0	0	0	0	0	0
Cash		202,145	209,181	460,000	175,000	400,000	0	410,000	0	420,000	0	2,276,326
Total		202,145	209,181	460,000	175,000	400,000	0	410,000	0	420,000	0	2,276,326

Cashflow Projection: Scenario 1

	Budget				Projected						
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Revenues											
Total Revenues from User Rates ¹	\$1,450,194	\$1,813,007	\$2,165,097	\$2,165,265	\$2,157,880	\$2,150,495	\$2,143,110	\$2,135,725	\$2,128,341	\$2,120,956	
Percent Increase to User Rates	0.00%	24.50%	19.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Cumulative Percent Rate Increase	0.00%	24.50%	49.01%	49.01%	49.01%	49.01%	49.01%	49.01%	49.01%	49.01%	
Dollar Amount Increase to Revenues		\$362,813	\$352,089	\$168	-\$7,385	-\$7,385	-\$7,385	-\$7,385	-\$7,385	-\$7,385	
Other Revenues											
Interest Income	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	
Other Income ²	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	
Total Other Revenues	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	
Total Revenues	\$1,653,344	\$2,016,157	\$2,368,247	\$2,368,415	\$2,361,030	\$2,353,645	\$2,346,260	\$2,338,875	\$2,331,491	\$2,324,106	
Less: Expenses											
Operating and Maintenance ³	\$1,700,239	\$1,746,935	\$1,806,881	\$1,870,328	\$1,937,547	\$2,008,834	\$2,069,099	\$2,131,171	\$2,195,107	\$2,260,960	
Net Before Debt Service and Capital Expenditures	-\$46,895	\$269,223	\$561,365	\$498,086	\$423,483	\$344,812	\$277,162	\$207,704	\$136,384	\$63,146	
Debt Service											
Existing Debt P&I	\$35,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New (2026-2035) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Debt Service	\$35,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Capital Improvements	\$202,145	\$209,181	\$460,000	\$175,000	\$400,000	\$0	\$410,000	\$0	\$420,000	\$0	
Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Annual Cash Flow	(\$284,740)	\$60,042	\$101,365	\$323,086	\$23,483	\$344,812	(\$132,838)	\$207,704	(\$283,616)	\$63,146	
Restricted and Unrestricted Cash Balance:											
Balance at first of year	\$846,105	\$561,365	\$621,407	\$722,773	\$1,045,859	\$1,069,341	\$1,414,153	\$1,281,315	\$1,489,019	\$1,205,403	
Net Annual Cash Flow Addition/(subtraction)	-\$284,740	\$60,042	\$101,365	\$323,086	\$23,483	\$344,812	-\$132,838	\$207,704	-\$283,616	\$63,146	
Balance at end of year	\$561,365	\$621,407	\$722,773	\$1,045,859	\$1,069,341	\$1,414,153	\$1,281,315	\$1,489,019	\$1,205,403	\$1,268,549	
Over (Under) Ehlers target ⁴	116,996	159,335	241,451	545,412	548,598	877,075	726,181	916,602	613,924	660,113	

Notes:

- 1) Assumes growth of 50 new homes per year 2027-2029, and 20 new homes per year 2030-2035.
- 2) Other Income includes Penalties, Recycling Grants, Fees for Items collected at the Street, & Sale of Recyclables/Recycling Bins.
- 3) O&M increases are based on Expenditure Forecast Code assumptions.
- 4) Ehlers Target is 3 months O&M plus 1 Year of Debt Service

User Rate Impact Analysis – Scenario 1

Year	Solid Waste					Utility Bill (Annual)	Change Over Prior Year	% of MHI (68,333)	Year
	Increase	Solid Waste Charge ¹	Utility Bill (Monthly)	Change Over Prior Year	Non-City Customers Utility Bill (Monthly) w/ Surcharge				
2025		14.08	\$ 14.08		\$ 19.08	\$ 168.96		0.25%	2025
2026	0.00%	14.08	\$ 14.08	\$ -	\$ 19.08	\$ 168.96	\$ -	0.25%	2026
2027	24.50%	17.53	\$ 17.53	\$ 3.45	\$ 22.53	\$ 210.36	\$ 41.40	0.31%	2027
2028	19.68%	20.98	\$ 20.98	\$ 3.45	\$ 25.98	\$ 251.76	\$ 41.40	0.37%	2028
2029	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2029
2030	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2030
2031	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2031
2032	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2032
2033	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2033
2034	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2034
2035	0.00%	20.98	\$ 20.98	\$ -	\$ 25.98	\$ 251.76	\$ -	0.37%	2035
Total Change over planning period				\$ 6.90		\$ 82.80			

Notes:
1. Current City Customer solid waste collection rate is \$14.08 per month. Non-City customers adds \$5/month surcharge.

Capital Improvement Plan

Scenario 2 – Mix of Cash & Debt

Projects	Funding	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Totals
Refuse & Recycling Home Containers	Cash	31,000										31,000
Refuse Truck	Cash	171,145				50,000		135,000		270,000		626,145
Refuse Truck	G.O. Debt			385,000		350,000		275,000		150,000		1,160,000
Building: Façade, roof repairs, plumbing, electrical, HVAC, door locks, plumbing	Cash			75,000								75,000
905 S Second St purchase	Cash		45,000									45,000
Cady St Recycling: roof replacement	G.O. Debt		140,767									140,767
Cady St Recycling: electrical upgrades	Cash		23,414									23,414
Cady St Recycling: siding & pavement rehab	G.O. Debt				175,000							175,000
Actual CIP Costs		202,145	209,181	460,000	175,000	400,000	0	410,000	0	420,000	0	2,276,326
Sources of Funding		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
G.O. Debt		0	140,767	385,000	175,000	350,000	0	275,000	0	150,000	0	1,475,767
Revenue Debt		0	0	0	0	0	0	0	0	0	0	0
Grants/Aids		0	0	0	0	0	0	0	0	0	0	0
Special Assessment		0	0	0	0	0	0	0	0	0	0	0
User Fees		0	0	0	0	0	0	0	0	0	0	0
Tax Levy		0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund		0	0	0	0	0	0	0	0	0	0	0
Cash		202,145	68,414	75,000	0	50,000	0	135,000	0	270,000	0	800,559
Total		202,145	209,181	460,000	175,000	400,000	0	410,000	0	420,000	0	2,276,326

Cashflow Projection: Scenario 2

	Budget				Projected						
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Revenues											
Total Revenues from User Rates ¹	\$1,450,194	\$1,571,628	\$1,681,062	\$1,790,977	\$1,894,773	\$1,998,358	\$2,101,773	\$2,205,055	\$2,308,238	\$2,411,352	
Percent Increase to User Rates	0.00%	7.81%	7.25%	6.76%	6.33%	5.95%	5.62%	5.32%	5.05%	4.81%	
Cumulative Percent Rate Increase	0.00%	7.81%	15.63%	23.44%	31.25%	39.06%	46.88%	54.69%	62.50%	70.31%	
Dollar Amount Increase to Revenues		\$121,434	\$109,434	\$109,915	\$103,796	\$103,585	\$103,415	\$103,282	\$103,183	\$103,114	
Other Revenues											
Interest Income	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	
Other Income ²	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	\$160,150	
Total Other Revenues	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	\$203,150	
Total Revenues	\$1,653,344	\$1,774,778	\$1,884,212	\$1,994,127	\$2,097,923	\$2,201,508	\$2,304,923	\$2,408,205	\$2,511,388	\$2,614,502	
Less: Expenses											
Operating and Maintenance ³	\$1,700,239	\$1,746,935	\$1,806,881	\$1,870,328	\$1,937,547	\$2,008,834	\$2,069,099	\$2,131,171	\$2,195,107	\$2,260,960	
Net Before Debt Service and Capital Expenditures	-\$46,895	\$27,844	\$77,331	\$123,799	\$160,376	\$192,674	\$235,824	\$277,034	\$316,282	\$353,542	
Debt Service											
Existing Debt P&I	\$35,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New (2026-2035) Debt Service P&I	\$0	\$0	\$18,119	\$71,654	\$71,575	\$118,666	\$112,222	\$149,663	\$157,167	\$176,314	
Total Debt Service	\$35,700	\$0	\$18,119	\$71,654	\$71,575	\$118,666	\$112,222	\$149,663	\$157,167	\$176,314	
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Capital Improvements	\$202,145	\$209,181	\$460,000	\$175,000	\$400,000	\$0	\$410,000	\$0	\$420,000	\$0	
Debt Proceeds	\$0	\$145,000	\$385,000	\$175,000	\$350,000	\$0	\$275,000	\$0	\$150,000	\$0	
Net Annual Cash Flow	(\$284,740)	(\$36,337)	(\$15,788)	\$52,145	\$38,801	\$74,008	(\$11,398)	\$127,371	(\$110,885)	\$177,228	
Restricted and Unrestricted Cash Balance:											
Balance at first of year	\$846,105	\$561,365	\$525,028	\$509,240	\$561,385	\$600,186	\$674,194	\$662,797	\$790,168	\$679,283	
Net Annual Cash Flow Addition/(subtraction)	-\$284,740	-\$36,337	-\$15,788	\$52,145	\$38,801	\$74,008	-\$11,398	\$127,371	-\$110,885	\$177,228	
Balance at end of year	\$561,365	\$525,028	\$509,240	\$561,385	\$600,186	\$674,194	\$662,797	\$790,168	\$679,283	\$856,511	
"All-in" Debt Coverage	(1.31)	-	4.27	1.73	2.24	1.62	2.10	1.85	2.01	2.01	
Over (Under) Ehlers target ⁴	116,996	44,837	(43,736)	(10,637)	(39,224)	24,894	(41,999)	60,585	(88,510)	69,618	

Notes:

- 1) Assumes growth of 50 new homes per year 2027-2029, and 20 new homes per year 2030-2035.
- 2) Other Income includes Penalties, Recycling Grants, Fees for Items collected at the Street, & Sale of Recyclables/Recycling Bins.
- 3) O&M increases are based on Expenditure Forecast Code assumptions.
- 4) Ehlers Target is 3 months O&M plus 1 Year of Debt Service

User Rate Impact Analysis – Scenario 2

Year	Solid Waste					Utility Bill (Annual)	Change Over Prior Year	% of MHI (68,333)	Year
	Increase	Solid Waste Charge ¹	Utility Bill (Monthly)	Change Over Prior Year	Non-City Customers Utility Bill (Monthly) w/ Surcharge				
2025		14.08	\$ 14.08		\$ 19.08	\$ 168.96		0.25%	2025
2026	0.00%	14.08	\$ 14.08	\$ -	\$ 19.08	\$ 168.96	\$ -	0.25%	2026
2027	7.81%	15.18	\$ 15.18	\$ 1.10	\$ 20.18	\$ 182.16	\$ 13.20	0.27%	2027
2028	7.25%	16.28	\$ 16.28	\$ 1.10	\$ 21.28	\$ 195.36	\$ 13.20	0.29%	2028
2029	6.76%	17.38	\$ 17.38	\$ 1.10	\$ 22.38	\$ 208.56	\$ 13.20	0.31%	2029
2030	6.33%	18.48	\$ 18.48	\$ 1.10	\$ 23.48	\$ 221.76	\$ 13.20	0.32%	2030
2031	5.95%	19.58	\$ 19.58	\$ 1.10	\$ 24.58	\$ 234.96	\$ 13.20	0.34%	2031
2032	5.62%	20.68	\$ 20.68	\$ 1.10	\$ 25.68	\$ 248.16	\$ 13.20	0.36%	2032
2033	5.32%	21.78	\$ 21.78	\$ 1.10	\$ 26.78	\$ 261.36	\$ 13.20	0.38%	2033
2034	5.05%	22.88	\$ 22.88	\$ 1.10	\$ 27.88	\$ 274.56	\$ 13.20	0.40%	2034
2035	4.81%	23.98	\$ 23.98	\$ 1.10	\$ 28.98	\$ 287.76	\$ 13.20	0.42%	2035
Total Change over planning period				\$ 9.90		\$ 118.80			

Notes:
1. Current City Customer solid waste collection rate is \$14.08 per month. Non-City customers adds \$5/month surcharge.

Next Steps

- Discuss approach to funding CIP
 - ✓ Cash vs. Debt & Cash
 - ✓ If funding projects with debt, target average All-In debt coverage above 1.40
- Consider rate increase for 2027
 - ✓ Recommended rate increase dependent on CIP funding approach
- Monitor cash flow analysis annually to revisit future rate increases
 - ✓ As CIP costs and timing changes, rate recommendations will change

