

FY 2020 BUDGET PROPOSAL

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Chittenden Solid Waste District

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April 24, 2019

FISCAL YEAR 2020 BUDGET

Dear Board of Commissioners and Citizens of Chittenden County,

I am pleased to present to you Chittenden Solid Waste District's Fiscal Year 2020 Budget proposal. It provides necessary funding for facilities, operations, public programs, and capital programs to meet the Board's strategic goals over the coming year. It also lays the foundation to continue to advance those goals towards the future. I am happy to tell you that the financial condition of CSWD remains sound. **I am recommending that the Solid Waste Management Fee remain at \$27.00 per ton of trash disposed, and I do not see a need for an additional municipal assessment or per capita fee.** We are proposing raising fees elsewhere across our programs, and the rationale for the increases is provided below.

As I wrote last year, my goals for Fiscal Year 2019 centered on infrastructure, both public-facing and internal processes. Our public-facing infrastructure conversations involved our compost operation, our recycling facility, and the Drop-Off Center system. The internal process system we overhauled last year was a big one—the Financial system. Increased efficiency was a driving force behind each endeavor.

FINANCIAL SYSTEM:

We dedicated over a year to transitioning our financial system into Quick Books... Our managers now have immediate access to financial data, we are saving staff time on routine reporting, and we are producing financial reports in a more logical, consistent format. This transition also included updating our Chart of Accounts, which means that some FY 2020 budget lines may show significant deviation from previous years simply because we eliminated some accounts, created new accounts, and consolidated others. These changes have already improved our ability to manage our finances and report in a way that is clearer to our staff, Board, and constituents.

ORGANICS DIVERSION FACILITY:

Name Change

We're changing the name of our compost operation from Green Mountain Compost to the *CSWD Organics Diversion Facility*. This new name reflects the paradigm shift we're undertaking and will more completely tell the story of this facility's purpose: **To manage organics**. This change is important to helping the public understand that this facility performs a critical Chittenden Solid Waste District function in line with our mission: reducing and managing the solid waste generated within Chittenden County in an environmentally sound, efficient, effective and economical manner. We'll still be making and selling compost under the Green Mountain Compost brand, though in a more limited and focused capacity.

Product and Distribution Changes

As of July 1, 2019, we will no longer be selling our compost in bags, only in bulk, and only to wholesale customers. We're streamlining our product offerings to three: Complete Compost, Topsoil, and Garden Mix. Though our Board of Commissioners reaffirmed in early 2018 that compost production is very much in line with our mission, we have come to realize that as a municipality, we do not belong in the retail sales arena.

Ensuring Sustainability

As a municipality making compost from food scraps, we'll still be a non-traditional model. It will be my job over FY 2020 to refine the options available to us to ensure that the Organics Diversion Facility is a sustainable operation. This budget presents the first year of a three-year business model transition. Part of the transition is continuing to right-size our tipping fees with market conditions, which means that on **July 1, 2019 the tip fee for food scraps will increase to \$60 per ton.**

MATERIALS RECOVERY FACILITY:

Market Volatility

FY 2019 saw continued volatility in the recycling markets, particularly paper markets. Though there has been some stabilization in the mixed paper market, we continue to incur significant costs to send this material for recycling. The markets for other "blue bin" materials such as plastic bottles, aluminum cans, and cardboard, have also experienced increased volatility, though to a lesser degree. Due to this market uncertainty, MRF operators around the country renegotiated their contracts with the municipalities they serviced. CSWD was no exception. The District owns the MRF building and equipment and the property. We contract with Casella to operate the facility day-to-day. The contract was renewed in 2014 for an eight-year term. The current severe downturn demanded we renegotiate terms. The 2014 contract set the processing fee at roughly 50% of actual costs, with the difference made up to Casella through material sales revenue sharing. The new contract normalizes the processing fee. The net effect of the market drop is that the MRF is currently operating at a loss. In FY 2019 the District used money meant for the MRF capital reserve to cover MRF operating expenses. In FY 2020, we will begin replenishing that reserve. **On July 1, 2019 the MRF tip fee will increase to \$65 per ton. This rate continues to be lower than average regional MRF tip fees.** As a municipality, not a private entity, we are driven by our mission, not profit or dividends. We must cover our operation and capital costs and invest any net revenues into District programs and operations.

Modern Facility

We continue to search for new outlets for our recyclables and are refocusing our efforts on communicating how our members can reduce waste. Improving our product output is critical to take advantage of new opportunities from anticipated investment in domestic paper mills. The current MRF is antiquated to the point of being a hindrance to broad participation in the paper markets. Our process, equipment, and size are limitations and because of that, **we are actively researching building a new facility. The District will seek to finance the work through a municipal bond,** pending project approval by our Board of Commissioners. We will be talking much more about this over the next 12-18 months.

DROP OFF CENTERS:

The Drop-Off Center (DOC) system review is ongoing and in many ways is the most challenging of the systems reviews we've undertaken. Even though the DOCs are District facilities, they are very much seen as "local". **The FY 2020 budget includes funding for a new DOC in Hinesburg as well as improvements to several other locations.** Our six DOCs serve 25% of Chittenden County as the primary source of waste disposal, recycling, and management of special materials not accepted elsewhere. More than 70% of Chittenden County residents use the DOCs to manage their "waste" materials during the year. We recognize that we perform a vital function in the community, and the challenge is to do so safely, efficiently, economically, and in an environmentally responsible manner. However, the services provided by the DOCs have increased significantly over the past 25 years, and the costs continue to rise.

Fee Increases

The DOCs will implement several modest fee increases in FY 2020, and we will be reinstating a lapsed fee on July 1. **We will be charging a fee of \$2.00 per visit for customers who bring in only mandatory (also known as "blue-bin") recyclables.** The current fee structure of wrapping the costs of managing recyclables into the price per bag of trash means that those who bring their trash to our facilities are subsidizing the customers who bring in recyclables only. Every aspect of solid waste management has a cost. After 25 years of mandatory recycling in Chittenden County, it is now fully embedded in the culture and the need to incentivize people to "do the right thing" and in this regard has passed. The fee is per visit and will apply to all recycling-only loads up to our cubic-yard limit.

SOLID WASTE MANAGEMENT FEE:

For the sixth year in a row, **we are not recommending an increase** to the Solid Waste Management Fee, which will remain at \$27.00 per ton of trash disposed. We are budgeting a modest increase in tons disposed in FY 2020: 2.7%. Like last year, nothing significant has popped up to explain the continuing increase in tons disposed. We will be actively researching the possible reasons for the increased trash generated in Chittenden County so we can identify and target opportunities to educate about waste reduction. I continue to work with our team positioning CSWD to make sure we remain a stable and predictable service provider to the citizens of Chittenden County. Our team of solid waste professionals is dedicated to ensuring our members' solid waste is managed in an environmentally sound, efficient, effective and economical manner.

Sincerely,



Sarah Reeves, Executive Director

CHITTENDEN SOLID WASTE DISTRICT

Fiscal Year 2020 Proposed Budget

Executive Summary

The Fiscal Year 2020 budget reflects several ongoing changes designed to better position the District to respond to challenges in the coming five years. These changes are as follows:

- Organization Structure (Appendix A)
 - Adding a Director of Operations to reduce the number of direct reports to the Executive Director and bring focus to strategies in our programs.
 - Merging programs with similar missions and reporting to a single Director in a single program.
 - Outreach and Communication and Marketing are now simply Outreach and Communication with a new Director
 - Drop Off Centers and Special Waste are now under Drop Off Centers
- Changed “Green Mountain Compost” to “Organics Diversion Facility” to reflect a broader mission of managing organic waste with additional strategies to compost. (We will still make compost.)
- Moved “Cost of Goods Sold” out of the Supply budget and into its own category in keeping with standard financial reports.
- Reorganized the Chart of Accounts to eliminate “Other” and “Miscellaneous”, adding accounts that better describe the activity and is used more consistently among managers. This will mean there will be discrepancies between fiscal years as prior year activity could not consistently be recoded.

Key Issues

- No increase in the Solid Waste Management Fee is expected.
- The MRF is now recognizing most of its facility operating expenses (processing fees) in the budget. In the past, the contract allowed the operator to retain 50% of the Material Sales (revenue share) and use a portion of the proceeds to fund operations, leaving the contracted processing fees expense lower than the actual cost. This is reflected in the FY 2020 budget as a \$752,382 increase in District expenses with an additional \$120,000 increase in DOC fees at the MRF as a result of corresponding the tip fee increase. These two expenses increase account for 85.27% of the increase in the expense budget.
- Redefining the work of Green Mountain Compost from a producer of compost to a diverter of organic waste is driving both operational decreases and capital increases. The program will be renamed Organics Diversion Facility, will make bulk compost from food scraps and yard waste, and will divert the remaining food waste to digesters. This year will be the first year of a three-year repositioning of the program.

Budget Assumptions

- **Inflation** is calculated at 1.68% based on CPI in 2018.
- **Mileage** is budgeted at a federally approved level. We anticipate a slight rise from \$.55 to \$.58 per mile.
- **Commercial Insurance** is budgeted to increase by 10% in January 2020.
- **Property Taxes** (and local fees) are budgeted on the best estimate. Rates are set in June annually.
- **Health Insurance** is budgeted anticipating a 10% increase in rates effective January 2020. We have kept the employee contribution at 3.25%. We have three more people opting out of health insurance than we anticipated in preparing the FY 19 budget. This may change annually or as employees experience a “qualifying event”.

CHITTENDEN SOLID WASTE DISTRICT
Fiscal Year 2020 Proposed Budget
OPERATING BUDGET
HIGHLIGHTS

Overall Results (see pages listed for details):

Program budgets with comparisons to previous years are available on line at

The FY 20 proposed budget expects

- Projected Revenue (\$12,628,865) to rise \$1,497,303 from FY 19 Budget due to
 - \$1,106,180 rise in the MRF Tip Fee AND Material Sales as described in the Executive Summary (Pages 7 – 11 blue)
 - \$387,260 rise in DOC fees due to a scheduled increase and the need to offset recycling costs (Pages 7 – 11 blue)
 - \$472,110 increase in the SWMF based on a projected increase in materials over actual calendar year 2018 total (Appendix C).
- Projected Operating Expenses (\$11,450,520), (9.81%) over FY 19 budget and 10.86% over Calendar Year 2018 Actuals. This is driven by an increase in \$752,382 in recycling processing fees and a \$120,000 increase in recycling tip fees to the DOCs. (see Executive Summary and pages 7 – 11 pink)
- Net Income from Operations at the Organics Diversion Facility (formerly Green Mountain Compost) dropped \$18,428 due to a loss of revenue from bagged sales and mostly offset by operating expense cuts as the program begins a move to a model that will allow the diversion of additional food waste to meet state goals and mandates. Expenses have been cut by \$167,564 and Cost of Goods Sold reduced by \$98,211 over the FY 19 budget and \$99,653 / \$81,892 over calendar year 2018 actual respectively. (see details on line)
- Landfill Post-Closure Reserves will require \$110,536 of the Landfill Post Closure Reserves. (see page 13 pink)
- Biosolids signed a contract with four of the original five municipalities. Revenues and expenses have dropped accordingly. (See details on line)

Revenues:

- **Solid Waste Management Fee (SWMF)** rate will remain \$27 per ton. The expected tonnage subject to the fee is expected to rise by 2.7% or 3,408 tons over the 2018 Calendar Year tonnage (see Appendix C).
- **MRF Revenue** will rise significantly based on an increase in Tipping Fees to cover losses in Material Sales. We expect to see a rise of \$914,640 in Tipping Fees, and we expect Material Sales to recover slightly with an increase of \$191,540 over the FY 19 budget. This represents a total revenue increase of \$1,173,754 over calendar year 2018 results. (See Expenses for further information)
- **Drop Off Centers** will raise Tipping Fees to begin to cover the increase in Allocations and the Tipping Fees at the MRF. We expect \$387,260 over the FY 19 Budget and \$322,417 over the calendar year actual.
- **Biosolids Tipping Fees** is projected to drop \$183,876 due to the loss of South Burlington in the contract. Expenses show a similar drop.
- **Organics Diversion Facility** is projected to see a \$284,203 drop in revenue from FY 19 (\$385,337 from the calendar year) due to the loss of the sale of bagged compost. This is the first year of a transition to a new organics management strategy needed to fully implement Act 148.

Cost of Goods Sold:

NOTE: This is a new category that isolates the cost of goods purchased that compose products the District sells.

- **Cost of Goods Sold (COGS)** – formerly in the Supplies category of expenses; has dropped due to the reduction in material used to make specialty compost. This dropped by \$84,313 from the FY 19 budget and \$66,893 from the calendar year. This would have been recorded as an expense in FY 19. This is due to:
 - \$98,211 reduction from the Organics Diversion Facility due to the change from specialty to bulk compost
 - \$27,437 reduction from the MRF due to an inventory of Blue Bins that won't be replenished in FY 20
 - \$20,571 increase in the Paint budget, moving the expense from general supplies to COGS.
 - \$20,764 increase in Outreach and Communication due to the move of the compost bin sales from Green Mountain Compost to Outreach and Communication.

Expenditures:

NOTE: Changes to the Chart of Accounts structure make comparison to previous years more challenging. Overall results are comparable, individual categories have been rearranged.

- **Wages, Benefits, and Staff Training** expenditures are increasing by 5%, or \$150,169, over FY18 budget amounts.
 - [+] 152,751 – **Salaries and wages** - of which \$27,758 is the net of new and reduced positions (below) and the remainder in increases due to steps and inflation. (see page 5)
 - Administration - addition of a Director of Operation to be assigned to programs (+\$115,378)
 - Finance - increase of 400 hours for accounting support (+\$8,744)
 - Compliance – 208 hours to increase PT hours (+\$4,934)
 - Outreach and Communications - 200 hours for summer intern (+\$3,000)
 - Drop Off Centers - 1,248 hours to for sick/vacation coverage (+\$23,113)
 - Organics Diversion Facility (GMC) - reduction of 2.1 FTE - 4,388 hours (-\$106,411)
 - **Benefits are largely level** in relation to the FY 19 budget and \$105,818 over the calendar year. Much of this change is due to three employees shifting from the Health Care plan to the opt out, which will save premiums, the Health Saving Account contribution and coinsurance. The calendar year to budget difference is due to calculating the budget as if every position is full for the entire year and all vacant positions result in the new employee taking the family plan.
- **Non- Personnel Expenses:**
 - **Expenses have shifted between categories.** Growth or reduction is often the result of increasing the number of accounts to eliminate the use of “Other” and a break out of larger items that landed in separate categories.
 - **The bottom line** is the key issue. The \$1,023,110 increase in expenses is largely due to two factors that are also driving revenue increases.
 - \$752,382 increase in Processing fees at the MRF. Previously, the total expenses associated with operating the MRF did not appear in the District budget. By contract, the facility operator retained 50% of the revenue from materials sales, which was partially used to offset the expenses. With the drop in prices for paper, the contract was renegotiated and most of the operating expense shifted to this budget to be paid from tipping fees.
 - \$120,000 increase in recycling fees at the DOCs. The DOCs pay the same cost that private haulers do for recycling. The tip fee rose from \$25 per ton in FY 19 to \$65 per ton in FY 20.
 - Offsetting the remaining increases due to inflation and other anticipated rate changes, decreases are proposed to occur as follows:

- \$167,564 overall decrease in expenses at the Organics Diversion Facility due to a change in strategy.
- \$102,640 decrease in Sludge disposal due to South Burlington leaving the contract.
- The remaining increase adjusted for major changes above is \$420,932 or 4.04%:
 - Salaries - \$152,751 or 5.7% increase over FY 19 Budget
 - General Operating Expenses not due to programming changes above - \$268,181 or 2.57% over previous budget.

Transfers:

- **Facilities Improvement Reserve (FIR)** – The FY 20 budget provides a contribution of approximately \$665,468 to the reserve by operations to be set aside for future capital needs. This is based on an analysis of the next five years. Significant changes are proposed for the Organics Diversion Facility. See Capital Budget Highlights for details.
- **Solid Waste Management Fee Rate Stabilization Reserve** – The District anticipates contributing \$331,191 to our rate stabilization reserve. This is due to projecting tonnage using the 2018 calendar year total rather than the FY 19 budget-to-budget projection and is a 2.7% increase in tonnage from CY 2018 to FY 2020.
- **Other Transfers** – The drop in expected transfers out of the Operating budget is largely due to the full use of the DOC Rate Stabilization Reserve in FY 19. There remains the transfer into the operating budget from the Landfill Post Closure reserve to cover the Closed Landfill cost (+\$110,538) a transfer out of \$50,000 to pay off a loan from the Landfill Post Closure Fund (-\$50,000), and a balance of \$142,724 in MRF net income that is not assigned.

**CHITTENDEN SOLID WASTE DISTRICT
FY 20 DISTRICT SUMMARY BUDGET**

	FY 17 ACTUAL	FY 18 ACTUAL	FY 19 BUDGET	CY 18 ACTUAL	FY 20 BUDGET	CHANGE FROM FY 19 BUDGET		CHANGE FROM CY 18 ACTUAL	
						\$	%	\$	%
Revenue									
Tipping Fees	\$ 4,587,646	\$ 4,949,759	\$ 5,845,009	\$ 5,610,468	\$ 7,034,429	\$ 1,189,420	20.35%	\$ 1,423,961	25.38%
Material Sales	\$ 3,281,341	\$ 2,782,243	\$ 1,706,294	\$ 2,187,643	\$ 1,583,836	\$ (122,458)	-7.18%	\$ (603,807)	-27.60%
Solid Waste Management Fees	\$ 3,181,392	\$ 3,363,221	\$ 3,024,000	\$ 3,387,601	\$ 3,496,110	\$ 472,110	15.61%	\$ 108,509	3.20%
License, Fines, Fees	\$ 17,638	\$ 15,991	\$ 13,660	\$ 8,167	\$ 14,430	\$ 770	5.64%	\$ 6,263	76.69%
Rent	\$ 95,810	\$ 96,920	\$ 93,132	\$ 96,920	\$ 56,910	\$ (36,222)	-38.89%	\$ (40,010)	-41.28%
Other	\$ 7,280	\$ 9,623	\$ 81,000	\$ 9,202	\$ 52,000	\$ (29,000)	-35.80%	\$ 42,798	465.10%
Product Stewardship	\$ 243,005	\$ 249,005	\$ 258,247	\$ 241,987	\$ 267,180	\$ 8,933	3.46%	\$ 25,193	10.41%
Interest and Dividends	\$ 3,452	\$ 7,030	\$ 3,750	\$ 17,288	\$ 17,500	\$ 13,750	366.67%	\$ 212	1.23%
Grants	\$ 78,332	\$ 85,271	\$ 106,470	\$ 98,516	\$ 106,470	\$ -	0.00%	\$ 7,954	8.07%
Revenue Total	\$ 11,495,896	\$ 11,559,064	\$ 11,131,562	\$ 11,657,791	\$ 12,628,865	\$ 1,497,303	13.45%	\$ 971,073	8.33%
Cost of Goods Sold									
Cost of Goods Sold	\$ 256,193	\$ 206,511	\$ 183,207	\$ 165,787	\$ 98,894	\$ (84,313)	-46.02%	\$ (66,893)	-40.35%
2 - Cost of Goods Sold Total	\$ 256,193	\$ 206,511	\$ 183,207	\$ 165,787	\$ 98,894	\$ (84,313)	-46.02%	\$ (66,893)	-40.35%
GROSS PROFIT	\$ 11,239,703	\$ 11,352,552	\$ 10,948,355	\$ 11,492,005	\$ 12,529,971	\$ 1,581,616	14.45%	\$ 1,037,967	9.03%
Expense									
Salaries and Wages	\$ 2,596,038	\$ 2,721,199	\$ 2,897,925	\$ 2,812,301	\$ 3,050,676	\$ 152,751	5.27%	\$ 238,375	8.48%
Benefits	\$ 956,939	\$ 1,054,865	\$ 1,232,696	\$ 1,124,624	\$ 1,230,442	\$ (2,254)	-0.18%	\$ 105,818	9.41%
Travel and Training	\$ 50,827	\$ 47,859	\$ 73,238	\$ 51,066	\$ 124,216	\$ 50,978	69.61%	\$ 73,150	143.24%
Administrative Costs	\$ 111,431	\$ 101,275	\$ 214,943	\$ 108,093	\$ 129,144	\$ (85,799)	-39.92%	\$ 21,051	19.48%
Professional Services	\$ 248,703	\$ 222,599	\$ 289,036	\$ 236,546	\$ 302,500	\$ 13,464	4.66%	\$ 65,954	27.88%
Equipment and Fleet	\$ 555,161	\$ 544,233	\$ 625,561	\$ 488,936	\$ 568,991	\$ (56,570)	-9.04%	\$ 80,055	16.37%
General Materials and Supplies	\$ 83,979	\$ 120,889	\$ 127,210	\$ 111,232	\$ 109,741	\$ (17,469)	-13.73%	\$ (1,491)	-1.34%
Materials Management	\$ 4,124,078	\$ 4,498,900	\$ 4,275,444	\$ 4,782,120	\$ 5,261,240	\$ 985,796	23.06%	\$ 479,121	10.02%
Property Management	\$ 400,078	\$ 418,855	\$ 438,366	\$ 416,067	\$ 504,438	\$ 66,072	15.07%	\$ 88,370	21.24%
Promotion and Education	\$ 209,747	\$ 164,143	\$ 252,990	\$ 197,520	\$ 169,132	\$ (83,858)	-33.15%	\$ (28,388)	-14.37%
Maintenance Charges	\$ 0	\$ 0	\$ 1	\$ 0	\$ 0	\$ (1)	-100.00%	\$ 0	3300.00%
Expense Total	\$ 9,336,981	\$ 9,894,818	\$ 10,427,410	\$ 10,328,505	\$ 11,450,520	\$ 1,023,110	9.81%	\$ 1,122,015	10.86%
INCOME FROM OPERATIONS	\$ 1,902,722	\$ 1,457,735	\$ 520,945	\$ 1,163,500	\$ 1,079,451	\$ 558,506	107.21%	\$ (84,049)	-7.22%

	FY 17 ACTUAL	FY 18 ACTUAL	FY 19 BUDGET	CY 18 ACTUAL	FY 20 BUDGET	FY 19 BUDGET		CY 18 ACTUAL	
						\$	%	\$	%
Capital and Allocations									
Capital Contributions	\$ 1,538,352	\$ 1,079,194	\$ 883,623	\$ 761,736	\$ 665,468	\$ (218,155)	-24.69%	\$ (96,268)	-12.64%
Support Program Allocations	\$ -	\$ -	\$ (0)	\$ 0		\$ 0			
						\$ -			
Capital and Allocations Total	\$ 1,538,352	\$ 1,079,194	\$ 883,623	\$ 761,736	\$ 665,468	\$ (218,154)	-24.69%	\$ (96,268)	-12.64%
						\$ -			
INCOME AFTER CAPITAL & ALLOC	\$ 364,370	\$ 378,541	\$ (362,678)	\$ 401,764	\$ 413,983	\$ 776,661	-214.15%	\$ 12,219	3.04%
Other Transfers									
TRANSFERS	\$ 364,370	\$ 378,540	\$ (362,674)	\$ 60,491	\$ 82,264	\$ 444,938	-122.68%	\$ 21,773	35.99%
NET DISTRICT	\$ (0)	\$ 1	\$ (4)	\$ 341,273	\$ 331,719				

**CHITTENDEN SOLID WASTE DISTRICT
Fiscal Year 2020 Proposed Budget**

HIGHLIGHTS - CAPITAL PROGRAM BUDGET

		FY18	FY19	FY 20	% Change
		ACTUAL	ADOPTED	PROPOSED	FY20 vs
		AMOUNTS	BUDGET	BUDGET	FY19
Capital Expenditures:					
	Materials Recovery Facility	\$ 106,963	\$ 883,500	\$ 110,000	-88%
	Special Waste Facility	108,405	11,000	-	-100%
	Drop-Off Centers	46,327	641,500	482,000	-25%
	Maintenance		25,000	105,000	320%
	Environmental Depot / Paint	36,834	42,500	98,500	132%
	Biosolids		70,000	-	-100%
	Compost Facility	760,776	31,500	1,105,190	3409%
	Property Mgmt & Admin	39000.01	50,000	120,000	140%
	Total Capital Expenditures	\$ 1,098,304	\$ 1,755,000	\$ 2,020,690	15%

CSWD's \$2,020,690 total Capital Budget for FY20 includes both planned and possible projects. Given the changing nature of our operations and the need for more evaluation of options moving forward at the Drop Off Centers and Organics Diversion Facility, several projects are listed as "Possible" (see attached sheet). It should be noted that passing the budget will allow staff to move forward with studies to provide the Board with options moving forward. The Board must approve all major projects.

Significant items included in the FY20 capital budget are as follows:

- \$ 30,000 – engineering for a new Materials Recycling Facility
- \$ 80,000 – scheduled repairs or replacement of equipment at the MRF (Equipment to be moved to new facility).
- \$ 105,000 – update the Maintenance building, replacement of equipment.
- \$ 325,000 – reconstruction of the DOC in Hinesburg
- \$ 157,000 – repair and replacement of DOC property and equipment
- \$ 28,500 – replacement of equipment at the Environmental Depot
- \$ 70,000 – potential roof replacement at the Environmental Depot
- \$ 150,190 – repair and replacement of equipment at the Organics Diversion Facility (see below)
- \$ 955,000 – site improvements to the Organics Diversion Facility to allow for producing bulk compost with 4,000 tons of food waste in the "pit"; This includes a windrow turner. \$500,000 of this project will be funded with a state grant. No final work will occur without Board permission.
- \$ 120,000 – complete Act 250 permit amendment for tree removal, address PFAS at the closed landfill and includes a \$50,000 contingency.

There are expected to be sufficient cash reserves available to finance the \$2,020,690 cash-funded capital expenditures budgeted for FY 20 with additional contributions of \$620,000 from the programs including earned interest of \$40,000.

The changes at the Organics Diversion Facility are the result of a planned conversion in strategy from a manufacturer of compost to organics management. Some of the effort will replace three pieces of equipment with a windrow turner that will improve efficiency and allow the same staff to also manage a food transfer facility or a depackaging unit. It also requires installing a pad to maximize the use of the new machine. These changes will be studied over the next several months and a proposal presented to the Board prior to proceeding. Approval of the budget does not mean work can proceed without further approval.

Capital Fund Balances:

FY 19 Beginning Balance	\$ 4,245,403
FY 19 Budgeted Contributions	\$ 761,736
FY 19 Projected Interest	\$ 42,000
FY 19 Projected Expenses	\$ 1,600,139

FY 19 Budgeted Balance \$ 3,449,000

FY 20 Beginning Balance	\$ 3,449,000
FY 20 Budgeted Contributions	\$ 620,000
FY 20 Projected Interest	\$ 38,000
FY 20 Budgeted Expenses	\$ 2,020,690

FY 20 Budgeted Balance \$ 2,086,310

CHITTENDEN SOLID WASTE DISTRICT
Fiscal Year 2020 Proposed Budget
Projected Fund Equity

Cash Balances by Fund

	6/30/17	6/30/18	6/30/19	3/30/20	FY 19 - 20
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>CHANGE IN</u>
	<u>(AUDITED)</u>	<u>(AUDITED)</u>	<u>BALANCES</u>	<u>BALANCES</u>	<u>FUND EQUITY</u>
Capital (FIR) Reserves	\$ 3,663,707	\$ 4,245,403	\$ 3,449,000	\$ 2,086,310	\$ (1,362,690)
LFPC Reserves (In Excess of 30-yr Obligation)	\$ (37,096)	\$ 252,603	\$ 302,603	\$ 302,603	\$ -
LFPC Reserve Obligation (<30 years)	\$ 944,732	\$ 925,586	\$ 907,210	\$ 861,674	\$ (45,536)
Facilities Closure Reserves	\$ 491,224	\$ 495,753	\$ 501,134	\$ 510,134	\$ 9,000
Community Cleanup Fund	\$ 72,884	\$ 67,061	\$ 64,340	\$ 64,340	\$ -
DOC Rate Stabilization Reserve	\$ 263,535	\$ 263,535	\$ -		\$ -
SWMF Rate Stabilization Reserve	\$ 1,253,959	\$ 1,430,800	\$ 1,253,959	\$ 1,585,678	\$ 331,719
Unrestricted Fund Balance less LFPC Reserve	\$ 658,633	\$ 629,505	\$ 633,633	\$ 559,071	\$ (74,562)
GAAP Adjustment	\$ 11,611				
Total District Fund Balances	\$ 7,323,189	\$ 8,310,246	\$ 7,111,879	\$ 5,969,810	\$ (1,142,069)

Reserves are built up or used annually based on the approval of the Board of Commissioners. This year will require a significant draw down on capital funds due to a proposed investment in the Hinesburg Drop off Center (\$325,000) and in the Organics Diversion Facility (\$1,195,190). Contributions to the fund are determined by maintaining a balance of at least \$1M during periods of large investments and building the fund in years where expenses are projected to decrease.

We have raised our projection on Solid Waste Management Fees based on the anticipation of increased tonnage. This is based on the actual history of incoming waste rather than the previous budget. No increase in fees are anticipated.

The funds are as follows:

The **Capital Reserves** are built up annually through budgeted contribution from each program budget. The amount is determined by the District Engineer and represents his projection on needs in the future. These funds are used in the annual capital budget. See the Capital section for details.

There are two lines for the **Landfill Post Closure Reserve**. This indicates how much the District has saved toward the closure of the landfill and is designed to meet the obligations projected to incur over the remainder of the original thirty-year maintenance requirement. This amount is not designated and is reported as part of the Unrestricted Fund Balance. The two lines breakdown accordingly:

- LFPC Reserves (*In Excess of 30-yr Obligation*) shows how much the District has over or (under) the amount needed over the remainder of the 30-year period. We will project the costs in early summer and adjust as needed. The projections were prepared for the FY 19 Budget.
- LFPC Reserve Obligation (*<30 years*) shows the actual cash on hand that is used annually to cover the budgeted operating and allocated costs.

The **DOC Stabilization Rate Reserve** built up a balance in the past two years and is budgeted to break even in FY 19. This budget projects all the reserve will be used to avoid a rate increase as planned. Rates at the Drop Off Centers have been adjusted in the FY 20 budget and will require continued monitoring due to the increase in tip fees at the Materials Recovery Facility and the way Support Program Allocations are distributed.

The **SWMF Rate Stabilization Reserve** is scheduled to increase in FY 20 (see above). The FY 19 budget projected a use of \$66,139 from this reserve to balance the budget. Currently, tonnages are above projected, and we remain unlikely to need these reserves to balance the FY 19 actual results.

The **Unrestricted Fund Balance**, as shown in the audit, includes the funds for the Landfill Post Closure (LFPC) fund. For clarity, the LFPC funding is shown separately. The remainder is a fund balance that is used as an operating reserve. The projected balance of \$559,071 is 5% of operating costs or about 18 days cash on hand.

Fund	Source	Use
Capital Reserves	Operating Budget Contribution	Capital Projects
Post Closure Reserves (In Excess of 30-yr Obligation)	SWMF (past) increased (decreased) as needed and interest	Adjusted with annual LT Projection
LFPC Reserve Obligation (<30 years)	SWMF (past) and interest	Operating budget for LFPC
Facilities Closure Reserves	Funded from SWMF over time and interest	If needed to close a DOC
Community Cleanup Fund	Funded from SWMF over time	Municipality Projects
DOC Rate Stabilization Reserve	Revenue over expenses - DOCs	Operating budget as needed
SWMF Rate Stabilization Reserve	Revenue over expenses from SWMF supported programs	Operating Budget as needed

**CHITTENDEN SOLID WASTE DISTRICT
FY 20 SCHEDULE OF PROGRAM TIPPING FEES**

	<u>FY 20</u>	<u>FY 19</u>	<u>FY 18</u>	<u>Change</u>
4) MATERIALS RECOVERY FACILITY				
Tipping fees and/or materials purchased price fluctuate with market price. Budgeted rates are:				
In District materials, per Ton	\$65.00	\$55.00	\$21.00	\$10.00
Out-of-District materials, per Ton	\$65.00	\$55.00	\$21.00	\$10.00
6) SPECIAL WASTE PROGRAM				
Special Waste Facility (at the Williston Drop-Off Center)				
Electronics ~ per pound (by appt. only)			\$0.18	\$0.00
Gypsum wallboard (clean, new scrap):				
Small loads (up to 2 cy), per cubic yard	\$22.50	\$22.50	\$22.50	\$0.00
Large loads, per ton	\$90.00	\$90.00	\$90.00	\$0.00
Tires ~ up to 16"	\$2.25	\$2.25	\$2.25	\$0.00
Tires ~ 16.5" to 19"	\$3.75	\$3.75	\$3.75	\$0.00
Tires ~ per ton	\$200.00	\$200.00	\$200.00	\$0.00
Tree limbs, trunks, clean stumps, & brush:				
Up to 6 cubic yards	No charge	No charge	No charge	
Each cubic yard in excess of 6 cy	\$5.00	\$5.00	\$5.00	\$0.00
Pallets & clean lumber:				
Per ton	\$50.00	\$50.00	\$50.00	\$0.00
Propane cylinders over 20 lbs	\$5.00	\$5.00	\$5.00	\$0.00
7) DROP-OFF CENTERS				
Items accepted vary by facility.				
Household Trash				
up to 18-gallon bag/barrel	\$2.75	\$2.50	\$2.50	\$0.25
up to 33-gallon bag/barrel	\$5.25	\$4.75	\$4.75	\$0.50
up to 45-gallon bag/barrel	\$7.50	\$7.25	\$7.25	\$0.25
per cubic yard	\$41.25	\$37.50	\$37.50	\$3.75
at Burlington Drop-Off Center, per pound	\$0.21	\$0.19	\$0.19	\$0.02
Construction & Demolition Debris				
up to 18-gallon bag/barrel	\$5.50	\$5.00	\$5.00	\$0.50
up to 33-gallon bag/barrel	\$10.50	\$9.50	\$9.50	\$1.00
up to 45-gallon bag/barrel	\$15.00	\$14.50	\$14.50	\$0.50
per cubic yard	\$82.50	\$75.00	\$75.00	\$7.50
at Burlington Drop-Off Center, per pound	\$0.21	\$0.19	\$0.19	\$0.02
Other Items				
(* indicates that limits apply)				
All-In-One Recyclables ONLY	\$2.00	\$0.00	\$0.00	\$2.00
All-In-One Recyclables	No charge	No charge	No charge	
Appliances without Refrigerants	\$5	\$5	\$5	\$0.00
Appliances with Refrigerants	\$10-\$15	\$10-\$15	\$10-\$15	
Batteries (household and lead acid)*	No charge	No charge	No charge	
Electronics	\$1-\$15	\$1-\$15	\$1-\$15	\$0.00
Electronics - items covered by new State program	No charge	No charge	No charge	
Fluorescent lamps*	No charge	No charge	No charge	
Compostables, with paid trash items	No charge	No charge	No charge	
Compostables, no paid trash items	\$1.50	\$1.50	\$1.50	\$0.00
Small Furniture item	\$11	\$10	\$10	\$1.00
Large Furniture item	\$22	\$20	\$20	\$2.00
Med BoxSpring	\$18.75	\$17	\$17	\$1.75
Med Mattress	\$18.75	\$17	\$17	\$1.75
Sm Mattress	\$11	\$10	\$10	\$1.00
Sm BoxSpring	\$11	\$10	\$10	\$1.00
Lg Mattress	\$22	\$20	\$20	\$2.00
Lg BoxSpring	\$22	\$20	\$20	\$2.00
Crib Mattress	\$6	\$5.50	\$5.50	\$0.50
Hard cover books*	No charge	No charge	No charge	
Mercury-containing products*	No charge	No charge	No charge	
Propane cylinders 20 lbs & under*	No charge	No charge	No charge	

CHITTENDEN SOLID WASTE DISTRICT
FY 19 SCHEDULE OF PROGRAM TIPPING FEES, Continued

7) DROP-OFF CENTERS, Continued		<u>FY 20</u>	<u>FY 19</u>	<u>FY 18</u>	<u>Change</u>
Other Items (Continued)	Scrap metal	No charge	No charge	No charge	
	Textiles*	No charge	No charge	No charge	
	Tires ~ up to 16"	\$2.75	\$2.75	\$2.75	\$0.00
	Tires ~ 16.5" to 19"	\$5.25	\$5.25	\$5.25	\$0.00
	Tires ~ 20" to 24.5"	\$14.00	\$14.00	\$14.00	\$0.00
	Tires ~ off road	\$56.00	\$56.00	\$56.00	\$0.00
	Tree limbs, trunks, clean stumps, & brush:				
	Up to 3 cubic yards	No charge	No charge	No charge	
	Each cubic yard in excess of 3 cy	\$10.00	\$10.00	\$10.00	\$0.00
	Pallets & clean lumber:				
	Up to 1 cubic yard	No charge	No charge	No charge	
	Each cubic yard in excess of 1 cy	\$5.00	\$5.00	\$5.00	\$0.00
	Used oil*	No charge	No charge	No charge	
	Used oil filters*	No charge	No charge	No charge	
	Wood ashes Household Trash Fees Apply		
	Yard debris			No charge	

8) HAZARDOUS WASTE - ENVIRONMENTAL DEPOT & ROVER

Environmental Depot

Household hazardous waste No charge

Business hazardous waste ~ Conditionally Exempt Generators Charged by material

Rover

Household hazardous waste No charge

10) BIOSOLIDS

Sludge per wet ton for disposal (average projected blended rate, opt out)	\$102.85	\$94.55	(\$102.85)
Sludge per wet ton for disposal (average projected blended rate)	\$98.78	\$90.62	(\$98.78)
Sludge per wet ton for land application (average projected blended rate)	\$70.50	\$64.74	(\$70.50)
Sludge per wet ton for alkaline treatment	\$92.20	\$83.60	(\$92.20)
South Burlington Class A (average projected blended rate)	\$41.31	\$35.99	(\$41.31)

11) COMPOST

Per-ton tip fee for post-consumer food waste \$ 60.00 \$52.00 \$52.00 **\$8.00**

15) Solid Waste Management Fee

Solid Waste Management Fee per ton \$ 27.00 \$27.00 \$27.00 **\$0.00**

NOTE: Sales prices are established by market conditions and are subject to change.