



Agenda Date: 5/20/2019

Agenda Placement: 6D

Upper Valley Waste Management Agency Board Agenda Letter

TO: Board of Directors

FROM: Steven Lederer - Manager
Upper Valley Waste Management Agency

REPORT BY: Steven Lederer, Director, Public Works - 259-8228

SUBJECT: Revised 2018/2019 Budget and Preliminary Review of the 2019/2020 Budget

RECOMMENDATION

REVISIONS TO 2018/2019 FISCAL YEAR BUDGET AND PRELIMINARY REVIEW OF THE 2019/2020 FISCAL YEAR BUDGET

REQUESTED ACTION: Staff requests approval of revisions to the FY 2018/2019, increasing appropriations by \$88,430 to cover expenses previously authorized by the Board, and conduct a preliminary review of the FY 2019/2020, which will return to the Board for final approval in June.

(4/5 majority required)

EXECUTIVE SUMMARY

Staff will present proposed modifications to the fiscal year 2018/2019 budget for Board approval, and a preliminary look at the proposed fiscal year 2019/2020 budget for Board information.

Changes to the 2018/2019 budget reflect increased expenses related to the following:

1. Ongoing reviews of the UVDS and CFL contracts have resulted in a number of expenses, including increased legal costs (\$13,000), Consulting Services (\$10,000) for a possible contract with outside legal counsel; Administrative Services, primarily Agency Manager time (\$22,500), .
2. Various compliance issues have also increased Administrative Services costs and LEA reimbursements (this is captured in the \$22,500 mentioned above)
3. The Board previously authorized \$25,000 to cover removal of oil tanks from St. Helena and Yountville. This appropriation will cover those expenses.

Summary of proposed 2019/2020 Budget:

Revenue: Landfill tonnage has settled in at a new normal, much lower of course than the peak of fire recovery, but still higher than pre-fire levels. This is likely a combined result of rebuilding after the fires, a continuing strong

economy, and difficulty in the recycling markets. Still, given current expenses, the expected tonnage will leave the agency with a structurally unbalanced budget. As such, in June when rates are adopted, the Agency Manager will propose an increase in the landfill surcharge, which has been at \$4.75 per ton since 2014, to \$7.50 (with an annual CPI adjustment). The budget also assumes the usual \$25,000 CalRecycle grant, which seems safe for the foreseeable future.

Expenses: Budgeted expenses are similar to last year's adjusted budget. It maintains all our existing programs, increase expenses (\$5,000 for advertising, \$7,000 for printing and binding, and \$12,000 for special departmental expenses) to prepare for upcoming Organics regulations, and does not budget for last year's one time expenses (\$13,000 for a consultant who developed marketing standards for us this year, and \$25,000 for removal of the two waste oil tanks.

Fund Balance: The Agency will commence the 2019/2020 fiscal year with a fund balance of approximately \$566,000. The minimum allowed under Board policy is \$35,000, but the Board has stated they are interested in spending down the existing amount (primarily derived from fire debris) to about \$100,000. If the surcharge increase is approved (with CPI) by the Board, the Agency should be able to maintain a balanced budget until the full impact of organics regulations are fully understood, and which point another surcharge increase (or some toehr source of funding) will be needed.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Agency reserves.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	None
Consequences if not approved:	No further expenditures can be paid.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The proposed budgets are shown in the attached spreadsheet.

SUPPORTING DOCUMENTS

A . Budget Spreadsheet

Recommendation: Approve

Reviewed By: Steven Lederer