



Agenda Date: 6/24/2019

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: PUBLIC HEARING: Adoption of 2019/2020 Budget

RECOMMENDATION

PUBLIC HEARING: APPROVAL OF THE 2018/2019 FISCAL YEAR BUDGET

REQUESTED ACTION: Staff requests approval and adoption of Agency Resolution No. 18-01 adopting the proposed final budget for fiscal year 2018/2019.

EXECUTIVE SUMMARY

Staff will present the proposed fiscal year 2019/2020 budget for Board approval.

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 August or September when rates are adopted, the Agency Manager will propose either an increase in the landfill surcharge, which has been at \$4.75 per ton since 2014, to \$7.50 (with an annual CPI adjustment), or, a more radical change in process whereby the Agency is funded through the rate package instead. 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 other source of funding) will be needed.

FISCAL IMPACT

| | |
|-----------------------------------|------------------------------|
| Is there a Fiscal Impact? | Yes |
| Is it currently budgeted? | No |
| What is the revenue source? | Operating Revenues |
| Is it Mandatory or Discretionary? | Mandatory |
| Is the general fund affected? | No |
| Future fiscal impact: | None |
| Consequences if not approved: | No 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 budget is shown in the attached spreadsheet.

SUPPORTING DOCUMENTS

- A . Proposed Budget
- B . Budget Reso #19-01

Recommendation: Approve
Reviewed By: Steven Lederer