

2020 Budget Overview

Department:	Line of Business/Program:
Public Works	Waste ReSources
Budget Summary	

	2019	2020	Change (\$ or %)
Revenue	\$12,717,152	12,677,938	-\$39,214
8604—Drop Box	\$2,659,663	\$2,637,859	-\$21,804
8605—Residential	\$4,408,945	\$4,325,990	-\$81,955
8606—Commercial	\$4,525,544	\$4,573,611	\$48,067
8607—Organics	\$1,124,000	\$1,140,478	\$16,478
Expenses	\$12,939,938	\$13,218,922	\$278,984
8604—Drop Box	\$2,783,346	\$2,784,029	\$683
8605—Residential	\$4,619,217	\$4,869,959	\$250,742
8606—Commercial	\$4,269,697	\$4,276,154	\$6,457
8607—Organics	\$1,267,678	\$1,288,780	\$21,102
FTE Staffing	29	29	0%

What are your primary budget drivers?

(See Attached Budget Table)

- Overall Expense is up 2.2%
- Fund out of balance by \$540,984
- Revenue slightly down by .3% -- Not pacing with expense

Other assumptions:

- No change in FTE Complement
- Salaries are up \$37,067 or 1.7% while benefits are down \$73,609 or 7.1% (NOTE: this includes a reserve for 3% COLA in line items****632-11.99)
- \$368K transfer to Capital Fund (future site) included--no increase recommended for 2020
- Includes Organics subsidy \$148,302 from Commercial Program. That's up by \$11,302
- Budget enhancement for increase waste tonnages for \$70,006 is built into base budget (see attach.)
- Budget enhancement for fleet replacement not included in base budget - annual amount of \$21,295

Organics Program Expenses have increased by 1.7% (\$21,102), while revenues are up slightly (1.5%) increasing the subsidy from the Commercial Program from \$137,000 to \$148,302 or \$11,302. No recommended rate increase at this time.

Commercial Program No recommended rate increase at this time. Revenue to expense suggests a net gain of \$297,457.

Residential Program: Currently proposing a 7% rate increase in the Residential Service Class due to combination of increased expense and lower than anticipated revenue. This includes using excess revenue

from the Commercial Program and utilizing resources above reserves to buy down rate from 12.6% to 7%. This equates to approximately \$3.62 increase on our customers bi-monthly bill.

Revenue loss is due to volatile recycling commodity markets which has reached a historic low. Costs to recycle are now above landfill costs at \$144 per ton while in comparison, garbage landfill costs are \$119 per ton. Also, built in to budget base is increased expense in landfill charges (\$59,114) due to increased material collection in Olympia. (See attached budget enhancements).

Drop Box Program: Recommending a 6.7% increase at this time. While expense remains flat, revenues are not keeping up with expense budgets. Also, expense budget accounts for increase of \$10,892 for collecting and hauling additional construction and demolition debris at \$85 per ton (enhancement included). A 2019 preliminary cost of service study suggests that haul fees are under full cost recovery by 9%.

What is new or different about your budget? (Narrative - Budget Overview)

(See attached budget table)

- Salaries up \$37,067
- Benefits down -\$73,609
- Increase in Fleet Rates and Fuel of \$171,529
- Maintenance Center Rent up \$4,776
- 1.6% increase or \$70,006 in volume of garbage collected due to growth/economy
- Increase in Inter-fund overhead of \$71,972

Trends, Challenges, & Opportunities (Narrative – Trends and Challenges)

Recycling Markets continue to waiver. As a result, current review is underway to evaluate acceptable recycling list, to determine what adjustments are necessary to improve material marketability which will lead to higher returns on commodity values. Also, we've had requests from both our recycling hauler and processor to remove glass and poly-coated products such as juice boxes, milk cartons, and aseptic containers. This requirement may enhance commodity quality, thus making products more marketable, resulting in potentially higher returns on commodity revenues and save on processing costs.

Steps to reduce garbage contamination in recycling stream are underway through Department of Ecology Grant (i.e. Local Solid Waste Financial Assistance - 25% Match). Working on implementation of a "lid lift" inspection program to educate the public and to improve the recycle stream. Reduced contamination makes recycling materials more marketable and saves money in both hauling and processing costs (i.e. current charge is cost per ton; therefore less tons).

Revenues and Cost of Service

	2019 Revenue Budget	2020 Proposed Revenue Budget	Difference	% Difference
403-8604-343-70-12 DROP BOX	\$ 2,571,863	\$ 2,533,503	\$ (38,360)	98.51%
403-8604-362-70-16 DROP BOX	\$ 87,800	\$ 104,356	\$ 16,556	118.86%
TOTAL	\$ 2,659,663	\$ 2,637,859	\$ (21,804)	99.18%
403-8605-343-70-11 RESIDENTIAL	\$ 4,245,945	\$ 4,244,490	\$ (1,455)	99.97%
403-8605-343-70-17 RESIDENTIAL	\$ 1,500	\$ 1,500	\$ -	100.00%
403-8605-361-10.00 INVESTMENT	\$ 1,200			
403-8605-369-10-30 RES. SALES OF SCRAP	\$ 159,300	\$ 80,000	\$ (79,300)	50.22%
TOTAL	\$ 4,407,945	\$ 4,325,990	\$ (81,955)	98.14%
403-8606-343-70-00 COMMERCIAL	\$ 4,525,544	\$ 4,573,611	\$ 48,067	101.06%
403-8607-343-70-14 ORGANICS	\$ 1,124,000	\$ 1,140,478	\$ 16,478	101.47%
	\$ 12,717,152	\$ 12,677,938	\$ (39,214)	99.69%

Fund 403
Waste ReSources
2020 Budget

	2019 Budget	2020 Budget	Difference	%	Revenue	Net Position	%
Expenditure Request	\$12,939,938	\$13,218,922	\$278,984	2.2%	\$12,677,938	(\$540,984)	-4.27%
Drop Box (8604)	\$2,783,346	\$2,784,029	\$683	0.0%	\$2,637,859	(\$146,170)	-5.54%
Residential (8605)	\$4,619,217	\$4,869,959	\$250,742	5.4%	\$4,325,990	(\$543,969)	-12.57%
Commercial (8606)	\$4,269,697	\$4,276,154	\$6,457	0.2%	\$4,573,611	\$297,457	6.50%
Organics (8607)	\$1,267,678	\$1,288,780	\$21,102	1.7%	\$1,140,478	(\$148,302)	-13.00%

Main Budget Drivers:				
Salaries	\$2,193,746	\$2,230,813	\$37,067	1.7%
Benefits	\$1,033,719	\$960,110	-\$73,609	-7.1%
Fuel	\$278,847	\$325,041	\$46,194	16.6%
Vehicle Rent	\$582,917	\$651,865	\$68,948	11.8%
Vehicle Repair and Maintenance	\$511,298	\$567,685	\$56,387	11.0%
Taxes	\$2,027,886	\$2,027,889	\$3	0.0%
Interfund Overhead	\$820,094	\$892,066	\$71,972	8.8%
Facility Rent (CH/MC)	\$82,224	\$87,000	\$4,776	5.8%
Garbage Tip Fees	\$3,790,150	\$3,860,156	\$70,006	1.8%
Recycle Process Fees	\$477,900	\$477,900	\$0	0.0%
Recycle Hauling/transload	\$338,300	\$338,300	\$0	0.0%
Organic Tip Fees	\$255,300	\$255,300	\$0	0.0%
Liability Insurance	\$61,053	\$56,620	-\$4,433	-7.3%
Transfer to Cap. Fund (Future Site)	\$368,000	\$368,000	\$0	0%
Remaining funds for supplies	\$118,504	\$120,177	\$1,673	1.4%
Total Budget Request	\$12,939,938	\$13,218,922	\$278,984	2.2%