



# 2022 Operating Budget Overview

|              |   |
|--------------|---|
| Department:  | Line of Business/Program:                             |
| Public Works | Waste ReSources - Collections, Prevention & Reduction |

## Program Revenue Summary Chart

| Revenue                  | 2019 Actual       | 2020 Actual       | 2021 Original Budget | 2021 Actual YTD  | 2022 Budget       | Variance   |         |
|--------------------------|-------------------|-------------------|----------------------|------------------|-------------------|------------|---------|
| Drop Box (Regular) 8604  | \$ 2,664,372      | \$ 2,752,912      | \$ 2,579,992         | \$ 1,346,673     | \$ 2,579,992      | \$ -       | 0.00%   |
| Drop Box (Rentals) 8604  | \$ 117,897        | \$ 144,876        | \$ 119,938           | \$ 73,335        | \$ 146,667        | \$ 26,729  | 18.22%  |
| Residential MSW 8605     | \$ 4,260,553      | \$ 4,485,857      | \$ 4,490,743         | \$ 2,421,937     | \$ 4,513,189      | \$ 22,446  | 0.50%   |
| RES Sales of Scrap 8605  | \$ 62,550         | \$ 107,852        | \$ 58,818            | \$ 98,503        | \$ 197,004        | \$ 138,186 | 70.14%  |
| Commercial 8606          | \$ 4,601,289      | \$ 4,500,305      | \$ 5,004,287         | \$ 2,554,414     | \$ 5,036,775      | \$ 32,488  | 0.65%   |
| Organics Collection 8607 | \$ 1,135,109      | \$ 1,225,708      | \$ 1,201,676         | \$ 639,933       | \$ 1,225,710      | \$ 24,034  | 1.96%   |
|                          |                   |                   |                      |                  |                   | 0.00       | #DIV/0! |
|                          |                   |                   |                      |                  |                   | 0.00       | #DIV/0! |
| <b>Total</b>             | <b>12,841,770</b> | <b>13,217,510</b> | <b>13,455,454</b>    | <b>7,134,795</b> | <b>13,699,337</b> | 243,883.00 | 1.78%   |

## Program Expenditure Summary Chart

| Expense          | 2019 Actual          | 2020 Actual          | 2021 Original Budget | 2021 Actual YTD     | 2022 Budget          | Variance    |         |
|------------------|----------------------|----------------------|----------------------|---------------------|----------------------|-------------|---------|
| Drop Box 8604    | \$ 2,607,803         | \$ 2,474,025         | \$ 2,602,100         | \$ 1,243,701        | \$ 2,722,217         | \$ 120,117  | 4.41%   |
| Residential 8605 | \$ 4,672,377         | \$ 4,859,784         | \$ 5,096,375         | \$ 2,271,404        | \$ 5,253,286         | \$ 156,911  | 2.99%   |
| Commerical 8606  | \$ 4,295,559         | \$ 4,221,842         | \$ 4,476,936         | \$ 2,075,790        | \$ 4,487,797         | \$ 10,861   | 0.24%   |
| Organics         | \$ 1,159,769         | \$ 1,202,826         | \$ 1,232,613         | \$ 572,301          | \$ 1,221,925         | \$ (10,688) | -0.87%  |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
|                  |                      |                      |                      |                     |                      | \$ -        | #DIV/0! |
| <b>Total</b>     | <b>\$ 12,735,508</b> | <b>\$ 12,758,477</b> | <b>\$ 13,408,024</b> | <b>\$ 6,163,196</b> | <b>\$ 13,685,225</b> | \$ 277,201  | 2.03%   |



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## Baseline Adjustment Summary Chart

Summarize all Baseline Adjustment expenditures and include them in your 2022 budget submittal. Requests must be: Mandatory (i.e. legally required) or Non-Discretionary Categories (i.e. utility rates, subscription fees, fuel).

| Exp Type                                | Description/Expenditure #  | Costs<br>On-Going   One-Time |  | Mandatory or<br>Non-<br>Discretionary |
|---|--|------------------------------|--|---------------------------------------|
| Salaries 11-01                          | Salaries Assume a 4% COLA  | \$90,713                     |  | Mandatory                             |
| Benefits 21-01                          | Benefits up .7%  | \$6,605                      |  | Mandatory                             |
| Supplies/Equipment (30's)               | Used existing money savings from recycling trans-hauling & processing – this is for residential cart replacement, Drop Boxes and Container Inventory | \$175,424                    |  | Non-Discretionary                     |
| Services 47-04                          | Tipping fees are down by 2%  | (75,492)                     |  | Non-Discretionary                     |
| Services 49-20 & 49-31                  | Recycling Transload and Processing of Recyclables is down 23%) - Result of removing glass from curbside recycle streams.                             | (167,376)                    |  | Non-Discretionary                     |
| Taxes (50's)                            | Increase by 2.4%   | 42,660                       |  | Mandatory                             |
| Interfund Overhead (90's)               | Increased by 6.5%  | 38,798                       |  |                                       |
| Liability Insurance (96.01)             | Up 10.7%   | 6,960                        |  | Mandatory                             |
| Fuel (98.97)                            | Fuel is down 2.4%  | (7,216)                      |  | Non-Discretionary                     |
| Fleet (98-93 & 95-96)                   | Overall, Fleet costs are down 8% as a result of a planned 3 <sup>rd</sup> quarter budget infusion of \$300K into fund 502                            | (104,671)                    |  | Non-Discretionary                     |
| Budget Transfer to Capital – Carp. Road | Increase Carpenter Road CFP by \$245,000   | \$245,000                    |  | Non-Discretionary                     |
| <b>Total</b>                            |  | <b>\$251,405</b>             |  |                                       |



# 2022 Operating Budget Overview

## Budget Narrative Information

### Mission

**Mission:** To lead and inspire our community towards a waste free future.

**Strategic Goal:** We create opportunities to eliminate waste.

## Budget Overview

- Overall expense is up slightly by 2.1%
- Revenue is up 1.81%
- Revenue to expense is positive .1% or to the good \$14,112
- NO RATE RECOMMENDATION AT THIS TIME

### Other Assumptions:

- No change in FTE Compliment
- Assumes 4% COLA
- Includes \$368K transfer to Capital Fund (future site) + additional base adjustment of \$245,000 = \$613,000
- Includes a \$300,000 cash transfer into the 502 Fleet Capital Fund to smooth fleet rates

**DROP BOX** – Drop Box revenue is projected to be similar to last year (3400 hauls per year). Rental Fees of drop boxes has seen a slight increase.

**RESIDENTIAL** – Overall, the program has not fully rebounded from recycling revenue loss. However, the recycling markets have improved dramatically and the outlook for 2022 remains positive.

If you recall, back in 2020, the utility implemented a fund balance approach resulting in rate increases across all programs to smooth rate hikes for residential rate payers. The program is still out of balance by 11.5%. Utility expense have increased for residential cart inventory and freight charges, while at the same time, the City's cart inventory has reached its useful life. Because of this, we've increased the cart budget by \$175K in order to meet service delivery.

Currently predict .5% growth in customer accounts. Customer growth is limited to infill lots and new development permits, which phase slowly. The utility will not assume collection for any annexed areas in 2021. Other noteworthy facts include:

- **Recycle Markets:**
  - Recycle Markets are improving dramatically from what they were in 2019. That said, we are processing less tons in 2021 and project even less in 2022, partly due to the City's decision to remove glass from residential recycle stream and people returning to work as the COVID crisis eases and restrictions are lifted.
- Recycling costs are averaging the City around \$109 per ton. That's a drastic improvement over what it was this time last year (i.e. \$145 per ton --that's \$26 above landfill costs.)
- **Decrease in Tipping Fees:**
  - Project a decrease by 1097 tons in tipping for 2022. The Utility saw an increase of 32% in tipping between 2019 and 2020 as a result of COVID – that's since levelled off and now dropping back to 2018 levels



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**COMMERCIAL** – Data suggest a growth increase of ½ % - commercial development in downtown continues slowly. Despite commercial businesses being impacted by COVID – generating less revenue to the City, revenue in our Commercial sector remains strong. In 2022, businesses should be back to original levels.

**ORGANICS PROGRAM** –The utility has steadily increased by 300 residential customers annually. Based on that, and current impacts with COVID-19, we estimate only a 2% (\$24,034) increase. Revenue remains flat and growth numbers suggest the program may be plateauing.

- **Commercial** - Organics is still down due to COVID along with the lingering effects of the County's change in acceptable items list.
- **Drop Box** – Volumes of yard waste organics is trending down, due to the effects of COVID-19.
- Overall tonnages are projecting down 397 tons in 2021 (\$14,691)
  - The Saturday Yard Waste Drop-off site remained closed due to COVID until the state went Phase III returning to normal operation in 2021.

**Residential** - Organics increased about 2% annually from 2015 to 2018, and then 5% in 2019 and an additional 13% in 2020. The increase in 2020 is suspected to be related to COVID-19 and households staying home more, doing more yard work, and preparing homemade meals. Data suggests numbers will be around a 2% increase in accounts back to 2015-2018 numbers.

## Trends, Challenges and Opportunities

- Capital Outlay (i.e. Fleet Replacement) – In order to smooth replacement curve issues in the fleet fund, we're recommending a \$300k cash infusion into the 502 Fleet Capital in 3<sup>rd</sup> Quarter of 2021
- Recycling Markets have dramatically improved and future outlook remains strong.
- Covid-19 has had an effect on customer disposal habits and trends, as well as reduced revenues due to businesses that are/were temporarily closed or running at reduced levels. Commercial waste declined, while residential waste rose almost 32%
- In 2022 both our contracts for transloading and processing of recycling will expire. There are provisions to extend the contract under the same terms and conditions will be discussed later this year. Depending on outcome, the City may issue a request for proposals at the end of 2021.
- An aging cart inventory in the residential sector (garbage, recycle, and organics), is resulting in increased cart failures. Cart failures are past the 10-year warranty period and must be purchased to meet acceptable service delivery standards. Increased budgets using savings from recycling hauling & processing will slow this trend.
- Covid-19 has impacted the way in which certain education programs are delivered. Staff is adapting with how to bring waste reduction and recycling education to the customer in a safe and effective manner. For example, staff created interactive packets for students and parents this year during fall, winter, and spring quarters to about 700 students.



# 2022 Operating Budget Overview

## Continuous Improvement

- Continue to design for a future Operations and Maintenance Facility on the City's Carpenter Road Property. The Utility has increased its annual based amount to \$613,000
- The Utility has hired a consultant to help update the Waste Resources Management Plan
- Continue to track and analyze the Lid Lift/Cart Tagging program in Residential Recycling Streams to reduce contamination. Issued over 600 postcards and letters.
- Expand GIS Data Collector Application for Commercial Routing purposes to improve customer consistency driver efficiency.
- Continue to provide driver training to reduce accidents and increase collection efficiency:
  - International Association of Professional Drivers (IAPD) training and certification program.
  - Collection staff is now required to be trained on each style of collection vehicle for a minimum of 80 hours before being signed off by the Supervisor to drive alone.
- Continue to improve customer communication using Recycle Coach Web App. Currently, have about 4,800 subscribers.

## Accomplishments and Celebrations

- Finished preliminary design of a new Waste ReSources maintenance facility on the Carpenter Road property, to better understand costs to construct and help develop future funding strategies. Currently working on developing a grading plan and planning for demolition and remediation of the site.
- Provided environmental education and outreach to 3<sup>rd</sup> graders. Provided interactive packets to students and parents during fall, winter, and spring quarters to around 700 students.
- Successfully worked through COVID to maintain service delivery and keep staff safe.
- The City was selected as " **Public Sector Education Recycler of the Year**" award by the Washington State Recycling Association
- The City was selected as **Resource Recycling's Small City Recycle Program of the Year** award recipient. Resource Recycling, Inc. is a national publication that provides industry news, research, and trends, and organizes three separate recycling industry conferences.
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