

Central Vermont Solid Waste Management District Proposed Draft Budgets
Positive Talking Points for Each Budget
October 15, 2009

The Central Vermont Solid Waste Management District has developed two budgets for consideration for FY11 and to provide opportunity for discussion on an increase in the District's per capita assessment. The major differences between these two budgets are that the Current Operations Budget increases the Per Capita Assessment by \$2 to \$5.10 per capita and retains the Drop-Off Depot System. The foundational operations budget does not increase the Per Capita Assessment, assumes the Depots will no longer be operated by The Central Vermont Solid Waste Management District as of July 1 and assumes the District will provide a number of Special Collection opportunities (in addition to the annual hazardous waste events each year). Below are the pros and cons of each budget.

Current Operations:

- Retains current Depot functions
- Retains existing staff
- Funds minor repairs to the Depots

Foundational Operations:

- Keeps Assessment constant at \$\$3.10 per capita
- Drastically reduces the District's capital equipment replacement needs
- Allows for new programming
- Provides funds for Green Up Day Grants
- Increases funding for the Lawrence Walbridge Reuse Fund
- Creates a buffer in net revenue to protect against unpredictable economic factors

Central Vermont Solid Waste Management District
2009 Profit & Loss Budget vs. Actual
July through September 2009

	FY 2009	FY 10	FY11 Draft Proposals		
	Actual	Approved Budget	Current Operation	Foundational Operations	Organics Enterprise Fund
Ordinary Income/Expense					
Income					
4000 · Per Ton Surcharge	768,644	1,158,530	1,042,677	1,042,677	0
4010 · Assessments	190,588	187,832	309,014	187,832	0
4020 · Trash Income	342,682	353,550	374,873	0	0
4030 · Recycling Income	51,619	52,000	51,295	10,000	0
4040 · Composting Income	28,775	40,000	0	0	375,437
4050 · Hazardous Waste Income	5,749	7,500	7,500	7,500	0
4060 · Grant Income	81,826	246,460	0	0	0
4070 · Interest Income	6,344	6,000	6,000	6,000	2,172
4080 · Green Cone Sales	0	17,308	0	0	0
4900 · Rental Income	5,750	6,900	6,900	6,900	0
4999 · Miscellaneous Income	25,367	5,750	5,750	5,750	0
Total Income	1,507,344	2,081,830	1,804,009	1,266,659	377,609
Expense					
6000 · Payroll Expenses	543,620	518,490	561,337	418,920	128,805
6003 · Pension Expense	15,459	14,899	15,201	9,691	1,931
6004 · Employee Benefits	150,262	176,000	161,203	85,572	54,188
6005 · Subcontract Labor	16,968	1,000	33,500	20,000	1,000
6006 · Professional Services	223,477	351,212	89,758	108,635	1,000
6020 · Unemployment Insurance	0	0	7,194	60,000	0
6030 · Insurance - General Liability	26,613	24,000	26,000	15,000	1,000
6040 · Insurance - Workers Comp.	23,184	15,000	20,000	10,000	1,000
6050 · Operating/Office Supplies	34,435	24,900	39,800	15,000	2,460
6060 · Repair & Maintenance	9,102	16,000	31,700	2,000	5,000
6070 · Vehicle Expense	65,692	65,000	65,000	5,000	19,000
6080 · Advertising	6,469	10,050	10,050	10,050	800
6090 · Telephone Expense	11,258	14,600	14,600	5,000	200
6100 · Postage Expense	3,043	4,000	4,000	1,500	792
6110 · Dues & Subscriptions	5,926	7,000	7,000	7,000	1,000
6120 · Conferences / Meetings/Training	4,345	6,500	10,288	5,189	1,288
6140 · Recycling Expense	118,674	121,000	133,100	0	0
6145 · Trash Expense	108,863	150,000	150,000	0	0
6150 · Hazardous Waste Expense	68,453	57,900	70,000	70,000	0
6152 · Special Collections	0	0	0	70,000	0
6155 · Composting Expense	18,016	38,000	0	0	124,796
6170 · Rent/Leases Expense	10,348	12,000	11,800	10,800	3,600
6180 · Printing Expense	3,061	4,550	3,061	3,061	1,300
6190 · Utility Expense	9,678	15,250	10,500	7,300	5,000
6200 · Travel Expense	10,444	13,560	10,500	7,500	3,000
6210 · Bank Charge Expense	1,075	1,500	1,500	1,000	0
6220 · Interest Expense	14,976	20,000	20,000	20,000	0
6230 · Grants, Subsidies, Contribution	6,901	9,000	9,000	11,000	0
6235 · Walbridge Grants	5,000	2,500	2,500	10,000	0
7000 · Miscellaneous Expense	3,267	3,309	4,000	1,500	1,600
9000 · Depreciation Expense	136,000	136,000	136,000	68,000	20,000
Total Expense	1,654,609	1,833,220	1,658,593	1,058,719	378,760
Net Income	-147,265	248,610	145,416	207,940	-1,152
Less Municipal Lease Payment	71005	80,000	80,000	80,000	0
Less Repayment of Reserve Fund	0	40,000	0	0	0
Less Line of Credit	0	25,000	0	0	0
Equipment-Van				15,000	
Less Building Renovation and Repair	101,507	45,000	10,000	10,000	0
Depot improvements Capital Equipment	0	0	20,000	0	0
Net less payments noted above	-319,777	58,610	35,416	102,940	-1,152

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Two budgets for the Central Vermont Solid Waste Management District have been prepared to assist the Financial Oversight and Executive Committees in determining the programmatic direction of the Central Vermont Solid Waste Management District and the amount of the Per Capita Assessment in 2011. The District's Food Scrap Collection Program (Organics) has been moved out of each of these budgets and an enterprise fund for Organics has been created. A future document will provide more information on how the District's current accounting software and staff will allow the District to segregate all funds, expenses, assets, and liabilities related to the Organics Enterprise Fund, effective July 1, 2010.

The first of the proposed budgets for FY11 assumes that there will be no substantial change to the District's programming or operations for FY11. The second budget assumes that the District restructures according to the Foundational Operations "white paper" written by the District's Executive Director. The following information is intended to explain the differences and similarities between line items in the Current Operations and Foundational Operations Budgets.

Income

4000 - Per Ton Surcharge: The State of Vermont and the solid waste industry have recognized declines in materials since the economic downturn that began around the start of calendar year 2009. Both the Current Operations and Foundational Operations Budget assume a decline in materials of an additional 10% under quantities assumed in the FY10 budget. (The impact of the decline in materials during FY10 will be addressed in budget amendments that will be presented at the November and/or February Board meetings).

4010 - Assessments: The Current Operations Budget assumes that the District will increase the Per Capita Assessment on member towns by \$2 from \$3.10 per person to \$5.10 per person. This increase will be needed to maintain depot operations. The Foundational Operations Budget does not propose any increase in per capita fees.

4020 - Trash Income: The District has recognized declines in the amount of trash received at its depots, however the District will increase the fees charged for trash as of November 1, 2009. The Current Operations Budget assumes a 5% decline in trash received, but recognizes an increase in funding due to the increase in the amount charged. The Foundational Operations Budget assumes no trash income because the Foundational Operations Budget represents income and expenses should the Depots close or privatize on or before July 1, 2010

4030 - Recycling Income: The District has recognized declining revenue; however the District will begin charging for all recyclables as of November 1, 2009. In the Current Operations Budget, recycling income has been decreased by 20% and \$10,000 has been added to this number. Given the District does not currently charge for household recyclables, and does not have a basis for analysis of fees for this material, this number may be high or low. In the Foundational Operations Budget \$10,000 has been budgeted for user fees related to special collections.

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4040 • Composting Income: Given these budgets assume the Organics program will become an enterprise fund there is no composting income in either the Current Operations or Foundational Operations Budgets.

4050 • Hazardous Waste Income: Hazardous Waste Income is level funded and equal in each budget presented

4060 • Grant Income: No grant income is budgeted due to District practice of not budgeting grant income or expenses until after the grants have been accepted.

4070 • Interest Income: Interest is level funded in both budgets

4900 • Rental Income: Rental income is received for rental of the third floor residential apartment at the District office and is level funded in each budget.

4999 • Miscellaneous Income: Miscellaneous income is level funded in each budget.

Expenses

6000 • Payroll Expenses: Both Budgets presented assume a 5% increase in the pay of staff that are eligible for Cost Of Living Adjustment (COLA) and merit increases. Since the District did not award pay increases in FY09 and only awarded COLA increases in keeping with inflation in FY08 it is advisable that the District exhibit intent to award pay increases if the District is to maintain its capacity to recruit and retain qualified staff and maintain staff morale. The difference in the payroll expense between the Current and Foundational Operations budgets is substantial. This is due to the assumption in the Foundational Operations Budget that all Depot staff will be laid off on or before July 1, 2010 due to the closure of the Depots or transitioning to the private sector. In addition, the Foundational Operations Budget reduces the District's core staff by 4.5 Full Time Equivalent (FTEs).

6003 • Pension Expense: Pension expenses increase slightly in the Current Operations Budget due to increased salaries and is reduced in the Foundational Operations Budget due to 4.5 fewer FTEs as mentioned above.

6004 • Employee Benefits: A 10% increase in the cost of benefits has been budgeted. It is assumed that the District will maintain the current level of coverage for all benefits and benefit plans. The Foundational Operations Budget recognizes a savings in the benefits line item due to the reduction of staff by 4.5 FTEs. In the Foundational Operations Budget fewer staff are eligible for the full benefits package. Any savings recognized by staff not participating in the plan will be offset by the need to pay \$91.25 per quarter, per FTE for uncovered employees, with a current exemption of 4 uncovered FTEs, into the State of Vermont's Catamount health plan.

6005 • Subcontract Labor: Subcontract labor assumes \$1,000 to be spent plowing the driveway and parking area at the District office. The additional funds budgeted in the Current Operations Budget

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include general maintenance to the Depots (mowing, plowing). Additional funds have been budgeted to clean out the used oil collection equipment and install safety shields for the oil shed. For safety reasons, the District has been advised, by the District's insurer, to clean the oil collection equipment annually and install shields, but has neglected to do so due to lack of funds to do so.

6006 · Professional Services: Details of the professional services line are below:

	Current	Foundational
Accounting	\$3,000	\$3,000
Auditing	\$10,000	\$10,000
Cleaning	\$7,800	\$7,000
Internet Hosting	\$125	\$125
Legal Counsel	\$7,000	\$7,000
Marketing and Communications	\$44,033	\$58,710
Occupational Health Ctr. (drug testing)	\$1,500	\$500
IT Contractor	\$3,000	\$3,000
Web Contractor	\$600	\$600
Treasurer	\$4,750	\$4,750
VLCT	\$950	\$950
Hauler Auditing	\$7,000	\$13,000
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	\$89,758	\$108,635

6020 · Unemployment Insurance: The Foundational Operations Budget assumes the District will no longer employ Depot related staff and will need to pay unemployment benefits to this staff for 39 weeks in FY11. The District will only recognize this entirety of this expense if former staff fail find new employment. Assuming the Federal Government does not extend the amount of time individuals can receive unemployment benefits, this expense will be reduced in subsequent years. However, since the Foundational Operations Budget is heavily reliant on seasonal and temporary employees, if the District chooses to follow the Foundational Operations Plan, the District should continue to calculate and budget for the payment of unemployment benefits each year.

6030 · Insurance - General Liability: A decline in general liability is assumed in the Foundational Operations Budget due to the closure of the Depots. If the Depots close or privatize there will no longer be a need to insure them.

6040 · Insurance - Workers Comp.: The Foundational Operations Budget recognizes reduced Worker's Comp costs due to the closure of the Depots and the reduction of Depot staff. Depot staff are the District's most costly classification of employee under Worker's comp, due to the increased opportunity for and incidence of injury at the Depots.

6050 · Operating/Office Supplies: The Current Operations Budget for Operating/Office Supplies has been increased due to the need to purchase uniforms and Carbon Monoxide detectors for the Depot program. Due to financial considerations these items have not been purchased in previous years. Uniforms are important for depot staff in establishing authority at the Depots and enabling the District to

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develop a dress code for depot employees. CO detectors are necessary due to safety concerns related to the heating systems at the depots. The Foundational Operations Budget recognizes reduced costs in this line item due to the assumption that if this budget moves forward the depots will close.

6060 • Repair & Maintenance: In the Current Operations Budget additional funds are budgeted for repair of depot equipment. In the Foundational Operations Budget this line item has been reduced due to decreased need to repair depot equipment.

6070 • Vehicle Expense: Vehicle expense is level funded in the Current Operations Budget. In the Foundational Operations Budget this line decreases since it is assumed the District will sell one of its roll off trucks or reallocate the truck to the Organics Enterprise. If the Foundational Operations Budget is adopted it is assumed that the District will be using funds on the recently purchased warranted pickup truck and a van to be purchased in the future.

6080 • Advertising: Advertising has been level funded in both budgets.

6090 • Telephone Expense: Telephone expenses have been level funded in the Current Operations Budget. In the Foundational Operations Budget this item is reduced due to the assumption that all phone services for the Depot Operations will cease.

6100 • Postage Expense: Postage expenses are level funded in the Current Operations Budget and decreased in the Foundational Operations Budget. Given most depot staff do not come into the District office the primary method of communicating with Depot staff is via postal mail. All Depot staff receives their pay checks and time sheets via postal mail bi-weekly. A significant savings would be recognized if this practice were to cease.

6110 • Dues & Subscriptions: This line has been level funded

6120 • Conferences / Meetings/Training: \$4,675 has been added to the Current Operations Budget to train Depot staff in handling hazardous materials and other skills relevant to the materials often received at the Depots. The District has forgone some of this training in prior years due to financial considerations, but cannot, in good conscience continue to do so. In addition, there are liability considerations created by not effectively training staff to handle materials appropriately. In the Foundational Operations Budget the practice of budgeting 1% of salaries has been returned to in establishing this line item. An Additional \$1000 has been added to the Foundational Operations Budget for the attendance of a national conference.

6140 • Recycling Expense: The Current Operations Budget recognizes the increase in recycling costs the district is currently recognizing. In the Foundational Operations Budget no recycling costs are assumed, the cost of recycling related to special collections is budgeted in line item 6152-Special Collections.

6145 • Trash Expense: The Current Operations Budget recognizes the existing increase in tipping fees the district the District pays related to the Surcharge increase. In the Foundational Operations Budget no trash expense is assumed.

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6150 · Hazardous Waste Expense: Hazardous Waste Expense is funded at the level funded at the amount of the FY09 actual. Thus far in FY10 the District has recognized record turn outs at hazardous Waste collection events. While it is wonderful that people are properly disposing of hazardous waste, increased attendance does result in increased costs for the District.

6152-Special Collections: Special Collections is a new line item added to fund increased special collections under the Foundational Operations Budget. If the Board of Supervisors chooses to proceed with the Foundational Operations Budget and Plan, details of special collections will be developed over the coming winter.

6155 · Composting Expense: Composting expense has been moved to the Enterprise Fund Budget

6170 · Rent/Leases Expense: Rent Lease Expense has been level funded due to the varying expiration dates of the District's leaseholds. The Current Operations Budget includes the addition of \$1,000 for the rental of a fork lift to move materials collected at the Depot. Currently all materials, including refrigerators and other heavy pieces are moved manually, increasing the District employees risk of injury and the District's risk of liability.

6180 · Printing Expense: Printing expense has been level funded in the Current Operations Budget at the FY09 actual for this expense.

6190 · Utility Expense: During FY09 the District invested in weatherization of the District's office building. This seems to have resulted in a reduction of the administrative expense for utilities for the building. Both budgets recognize a savings in utility expense due to weatherization. The Foundational Operations Budget recognizes additional savings due to funds saved by no longer heating the trailers located at the Depots. Given the trailers at the depots are not weatherized and have inefficient heating systems this savings is significant.

6235 · Walbridge Grants: Under the Foundational Operations Budget the funding for the Lawrence Walbridge Reuse Fund Grants increases to \$10,000 per year.

9000 · Depreciation Expense: Depreciation expense is reduced in the Foundational Operations Budget because it is assumed that the Depot equipment will be sold, reducing the amount of equipment that is the basis for depreciation.

Summary

The Current Operations Budget exhibits net revenue of \$145,416. The Foundational Operations Budget exhibits \$207,940 in net revenue. From each of these budgets \$80,000 will be paid into the Municipal Lease and \$10,000 is budgeted for building repair and maintenance. While there are no building plans for FY11 this amount is set aside because it is conceivable that the funds will be needed. For example, the District may want to improve the landscaping on the secondary entrance or the District may need to perform post winter work on the driveway and parking area. In addition, the District has long put off

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installing signs on the District parking area which causes issues with individuals not associated with the District parking, partying, and accumulating possessions in the District Parking area. Planning for the eventuality of building maintenance will prevent a situation in which maintenance is needed and there are no funds in the budget to pay for that maintenance. Additional costs that may need to be paid from net revenue would be repayments of any draws on the reserve fund or line of credit. In the Current Operations Budget \$40,000 has been budgeted for long put off improvements to the Depots. Included in these improvements are replacements of signs and purchase of cages for propane tanks.

The Foundational Operations Budget includes \$15,000 for the purchase of a used van. The Foundational Operations Budget proposes an increase in special event collections and outreach to communities. The acquisition of a van that can carry passengers to events as well as small equipment, and also serve the Outreach Team in delivering posters, table-top displays, tables for fairs, etc. becomes a cost-saving asset. In lieu of paying multiple staff members mileage to a collection event, staff can carpool, saving Green House Gas emissions and money. The van can also double as a realistic vehicle for staff to use as transportation to regional meetings.

After these additional payments are made, \$35,416 remains in the Current Operations Budget. However, there is no buffer in the Current Operations Budget to accommodate for unforeseen factors. For example, should the region experience a winter season with daily snow fall, subcontract labor, in the Current Operations Budget will increase in excess of the amount budgeted. Should the District's used oil contain a high level of PCB contaminant the District will spend a significant portion of the \$35,000 to appropriately dispose of the PCB containing oil.

The Foundational Operations Budget recognizes cash remaining after additional payments of \$102,940; however there are a couple of significant expenses specific to the first year of the Foundational Operations Budget that will not recur in subsequent years. For example, assuming the federal government does not increase the amount of time individuals receive unemployment the amount of unemployment the District will pay will be reduced in Fiscal Year 2012. The purchase of a Van will only occur once. In addition, the District may not recognize the budgeted number for health care, given that of the seven year round staff the district will retain under the Foundational Operations Plan, three will be part time and eligible for prorated benefits. The District may save additional funds on this line item if these individuals choose not to enroll in the health plan. Given premium contributions for part time individuals would range from \$65 to \$855 depending on the position's FTE factor and the employee's level of coverage it seems plausible that the individuals who fill the part time positions of Bookkeeper, Administrative Manager and School Program Coordinator, will not enroll in the District's health plan, further reducing costs under the Foundational Operations Budget.

The Organics Enterprise Fund is presented for informational purposes only. The Organics Enterprise Fund will undergo further analysis under the DOE grant prior to implementation. It is assumed that the DOE grant will assist the District with start up costs for the Organics Expansion, such as marketing, the purchase of a new truck for collections and the hiring of an operations manager. It is currently known that there may be a weakness in the budget in that it is currently unknown if one truck and one driver will be physically capable of collecting sufficient materials to meet projections. These points will be further analyzed and presented in the following months.