

DRAFT

**CHITTENDEN SOLID WASTE DISTRICT – Administrative Office
FINANCE COMMITTEE MINUTES
Zoom Meeting
Wednesday, January 6, 2023 – 5:00 p.m.**

FINANCE COMMITTEE PRESENT: Leslie Nulty, Paul Stabler, Rick McCraw
Other Board members present: Paul Ruess, Ken Spencer

CSWD STAFF PRESENT: Nola Ricci, Sarah Reeves, Amy Jewell

AGENDA ITEM:

1. Agenda
2. Public Comment Period
3. Consent Agenda
4. FY 24 Preliminary Budget
5. Other Business
6. Adjourn

Paul Ruess called the meeting to order at 5:05 p.m.

Agenda # 1. No changes to the Agenda

Agenda #2. Public Comment Period – No public in attendance

Agenda #3. Consent Agenda - Minutes approved as presented.

Discussion on the FY 24 Budget meeting schedule.

The next meeting will have the capital and self-funded budgets first and is moved to Tuesday, January 10, 2023.

MOTION by P. Stabler SECOND by L. Nulty to move the finance committee meeting to Tuesday, January 10, 2023 and to review the capital and self-funded budgets during that meeting. MOTION approved all AYES.

Agenda #4. FY 24 Budget Overview & Reserves

N. Ricci reviewed the summary of a high-level overview of a draft FY 24 Budget with some minor changes being made and some anticipated additional changes as we go through individual department budgets. N. Ricci said that the detail of previous budget information that has now been included. She noted Q1 for FY 23 is not exactly $\frac{1}{4}$ but may be helpful in review. She noted the income as a \$14,596,600 (revised spreadsheet) with main change as being budgeting the Burlington DOC to come online as a regular DOC in Quarter 2 of FY 24. She noted that other income change is a result of charging a convenience fee to customers who pay with credit card. She noted that cost of goods sold is lower because we have discontinued the sale of bins and containers and had some fire sales in FY 22 and there is not much inventory remaining.

Discussion related to income:

- Credit Cards: CSWD has a PILOT program at the Hinesburg DOC to accept credit cards fees. The FY 24 Budget does include passing the convenience fee on to customers and that anticipated revenue is included in the FY 24 Budget.
- Decreased Revenue: Question regarding why the Proposed FY 24 income amount of \$14.5 million is significantly below actuals in previous years. S. Reeves said that the income change is a result of the MRF, who saw high recyclable sale prices in FY 21 and FY 23 and those high sale numbers are expected to be lower in FY 24.
- Interest and Dividends: Question regarding interest and dividends and the investment committee might move money into treasuries and if that happens that number should increase. Would interest earned into the reserve accounts and not the operating budget. N. Ricci said that we are still determining how much can be set aside for investments and that money will funnel into reserves. The money shown in the spreadsheet is for the closed landfill reserve and facility closure reserve and the capital. We do need to understand the MRF deposit for equipment and the amount and when we'll receive funding from outside sources. Income generated from interest will benefit the capital reserves budget.

N. Ricci reviewed expenses which is total \$14,589, 502 (revised spreadsheet) increase of 10.3%. Managers have tried to decrease need for certain items or different ways to reduce costs. CPI is higher than usual and will make changes as the December numbers become available. Benefits have increased almost entirely related to healthcare. N. Ricci noted the Director of Administration made significant effort to mitigate the rising inflation costs. In FY 24 management hopes to return to more traditional training and staff education. Outreach & Communication has adjusted as how they have allocated their costs causing the appearance of a reduction in Promotion & Education and rise in administrative costs. Community support is budgeted at the full \$95,000 for members. Total net income is loss of \$(114,306).

Discussion Related to Expenses:

- Question regarding the MRF Contract and fees that have been included in this budget. S. Reeves said that the increased cost materials management is significantly higher than actuals for FY 21 and FY 22 and budgeted for FY 23 as a result of hauling increases and the MRF contract costs. MRF Debt project is not included in this the FY24 Budget as there are still moving parts. The MRF will be its own stand-alone presentation during the capital budget discussion for FY 24.
- Question on the MRF Debt payment and whether this is shown in the budget. S. Reeves said this will be a stand-alone budget and this budget is standard normal operating process and secondly will be a separate a MRF Budget. For ease of seeing the different pieces, such as the MRF bond. The incorporation of the bond payment will not affect this operating or capital budget. Further discussion will be held on the MRF bond during the capital budget discussion.

Transfer below the line (subsidies, reserve Transfers & Year End Adjustments, Other Income:

N. Ricci noted that we have separated out budgets including Administrative, Operations, and Self-funded departments (maintenance, landfill, and biosolids). This separation makes the internal transfers easier to identify. She reviewed the transfers as shown in the enclosed spreadsheet. The transfers would get us to a net (0) budget.

Discussion on the FY 24 Draft Budget Reserves

N. Ricci reviewed the FY 24 Draft Budget Reserves which included restricted, designated, and undesignated funds and shows the remaining balances, with assumed changes per the FY 24 Budget at (\$114,306). This assumes the FY 23 waterfall discussion is implemented for FY 24. That discussion included having a minimum and a maximum in each reserve and the waterfall affect is to maintain no less than the minimum and redistribute when each reserve has reached the maximum amount. N. Ricci said we should have a discussion on whether we do want to move money as previously discussed but we can make that determination at the close of FY 23. Discussion was held on how much we should have in the operating reserve. S. Reeves and N. Ricci agreed that they determined to have three months so that CSWD has an opportunity to make changes in the budget or pricing as needed. It was requested that this would be included in the memo in the budget for the board and the towns that we are preparing our budgets with a view with including three months of operating expenses in our reserves.

The Committee expressed appreciation for the work that was presented.

Agenda #5. Other Business – No other business.

Agenda #6. Adjourn. Motion by Paul Stabler, SECOND by Leslie Nulty, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 5:50 p.m.

Amy Jewell

I agree that this is an original copy of minutes and they have been approved by the Finance Committee at the meeting held via Zoom.

Amy Jewell, Secretary