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To: Board of Commissioners
From: Sarah Reeves, Executive Director
Date: November 9, 2023
RE: Proposed Budget Fiscal Year 2025

By Charter, CSWD is required to propose the following fiscal year's budget not later than December 1 of the current year. The rationale for the timeline as established is to provide ample notification to our member municipalities of any intended local assessments, and if any assessments are needed for CSWD that the municipalities have time to incorporate the assessment into local budgets ahead of Town Meeting Day in March. Attached please find the unaudited fiscal year 2023 actuals compared to the current fiscal year budget alongside a preliminary estimate of the FY 2025 CSWD budget.

Key Drivers:

External:

- Cost of Living: Budgeting a 4% increase based on the 12-month rolling average as of September 30. *Final recommendation will be based on data as of January 31, 2024.*
- Health Insurance: Budgeting a 10% increase
- Fuel and Utilities: Budgeting a 10% increase

Internal:

- Tipping Fees: Budgeting a 10% increase to MRF tip fee to account for an anticipated 4% increase to the processing fee, a continued depressed Average Commodity Revenue rate, and contractually required equipment replacement.
- Revenue from Interest: Budgeting increase of nearly 200%, directing the majority of the increase to the Closed Landfill Reserve.
- Other Revenue: The bulk of this item is revenue from credit card usage at DOCs; Budgeting based on FY2023 actuals.
- Solid Waste Management Fee: The proposed budget shows a 1% increase in revenue from SWMF and is a placeholder. See Recommendation below.

Recommendation:

Solid Waste Management Fee: The CSWD Charter, Section 12 MANAGEMENT FEES, states:

“Giving due consideration to the fact that state policy, as established in 10 V. S. A. 6601, provides that the generators of waste should pay disposal costs that reflect the real costs to society of waste management and disposal, the Board of Commissioners shall from time to time establish and adjust a management fee structure for the purpose of generating revenues from sources other than assessments to member municipalities, particularly concerning the operation and maintenance of any District solid waste management or resource recovery facility.”

The Solid Waste Management Fee has been \$27 per ton of trash disposed since last being raised in 2013. To help balance increased costs I recommend raising the SWMF to \$30/ton in the FY2025 budget. We’ve done ourselves, and our community, a disservice by not keeping pace with inflation and have set an unrealistic expectation that responsible solid waste management is somehow not a costly function. The SWMF represents approximately 20% of FY2025 budgeted revenue; Prior years have seen the SWMF revenue represent over 30% of District revenue. Raising the fee now will allow the District to better augment key reserves, primarily the Closed Landfill Reserve, as we are anticipating needing to invest in a leachate treatment system in the next five years in response to impending changes in national federal regulation by the US EPA.

For Discussion:

A recommendation for discussion and debate by the Board of Commissioners is to strike Section 8.2. “Amount of Fee” from the CSWD Ordinance, so that we no longer establish the amount in the Ordinance but instead we describe the process by which the fee shall be set. My recommendation is to follow the example of the Addison County Solid Waste Management District, who sets the fee as a component of their annual budget process. Using the annual budget process will provide ample opportunity for public comment and input, with at minimum four public meetings where the budget will be discussed by the Board. A further recommendation is to peg the SWMF to a national index, adjusted for the Northeast Region. There are two such indices that I would reference, both produced by the US Bureau of Labor Statistics. We would continue to utilize the fee model developed for us by Skumatz Economic Research Associates to validate the recommendation.

Proposed Motion:

Be it Resolved that the Board of Commissioners acknowledges the receipt of a proposed Fiscal Year 2025 budget to be further developed through the normal budget process.

Chittenden Solid Waste District
FY25 Proposed Budget

	FY23 Unaudited Actuals	FY24 Approved Budget	FY25 Proposed Budget	\$ Difference FY24 to FY25	% Difference FY24 to FY25
INCOME					
Tipping Fees	\$ 5,900,341	\$ 6,740,521	\$ 7,294,931	\$ 554,410	8%
Special Materials	78,000	730,109	740,885	10,776	1%
Hazardous Waste	97,010	62,000	97,500	35,500	57%
Biosolids	1,350,510	1,404,358	1,405,000	642	0%
Solid Waste Management	3,471,599	3,335,702	3,385,728	50,026	1%
Sale of Materials	2,261,156	2,628,603	2,371,540	(257,063)	-10%
License Fees, Fines & Penalties	15,423	14,000	14,000	-	0%
Rental Income	73,500	75,000	-	(75,000)	-100%
Product Stewardship & Reimbursements	171,502	169,000	169,700	700	0%
Interest & Dividends	173,117	61,000	182,000	121,000	198%
Grant Revenue	106,850	106,470	106,470	-	0%
Equipment Sale/Trade	4,736	-	-	-	0%
Other Income	187	75,000	9,650	(65,350)	-87%
Total Income	13,703,929	15,401,763	15,777,404	375,641	2%
 Cost of Sales	 200,407	 121,405	 150,751	 29,346	 24%
Gross Profit	13,503,522	15,280,358	15,626,654	346,295	2%
 EXPENSES					
Payroll Expenses	4,610,893	5,382,975	6,119,532	736,558	14%
Travel & Training	47,755	118,175	123,320	5,145	4%
Administrative Costs	76,149	182,885	146,730	(36,155)	-20%
Professional Fees	129,237	280,690	330,691	50,001	18%
Equipment & Fleet	614,966	772,074	1,056,262	284,188	37%
Supplies	96,300	133,644	127,263	(6,381)	-5%
Materials Management	5,567,297	6,691,366	6,775,221	83,854	1%
Property Management	542,115	597,111	604,979	7,869	1%
Promotion & Education	54,804	142,178	150,317	8,139	6%
Community Support	32,346	100,950	106,400	5,450	5%
Total Expenses	11,771,863	14,402,047	15,540,715	1,138,668	8%
 Subsidies & Transfers	 (1,731,660)	 271,452	 239,803	 (31,649)	 -12%
Total Excess Income	0	1,149,763	325,741	(824,022)	-72%
Maintenance & Roll Off Distribution	488,544	680,150	718,543	38,392	6%