

APPROVED

**CHITTENDEN SOLID WASTE DISTRICT – Administrative Office
FINANCE COMMITTEE MINUTES
Zoom/Call-in Meeting
Tuesday, March 8, 2022**

FINANCE COMMITTEE PRESENT:

Leslie Nulty, Bryn Oakleaf, Tim Loucks

Other Board members present:

Ken Spencer, Paul Stabler, Paul Ruess

CSWD STAFF PRESENT:

Nola Ricci, Sarah Reeves, Josh Tyler, Dan Goossen,
Josh Estey

OTHERS PRESENT:

AGENDA ITEM:

1. Agenda
2. Public Comment Period
3. (E) Consent Agenda Minutes of 01.25.22
4. (E) FY 23 Proposed Budget Overview
5. (E) FY 22 Q1 & Q2 Income Statement
6. Other Business
7. Adjourn

Leslie Nulty called the meeting to order at 5:00 p.m.

Agenda # 1. Discussion was held regarding a possible Executive Session, which will be discussed following the budget review, or it may occur at the next meeting.

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

Agenda #3. Consent Agenda – Approved as presented.

Agenda #4. FY23 Proposed Budget Overview – Nola Ricci reviewed the budget schedule. Nola reviewed the FY 23 Budget Roll Up and Reserves and noted there were some changes made and some updates that occurred from the time of mailing. Nola Ricci presented the FY 23 Highlights & Summary.

The Committee requested additional information from staff, including highlights and summaries (which staff presented at the meeting) and requested that calendar year actuals be included in that highlight and summary sheet, and that totals be included. Leslie Nulty asked that we not look at budget to budget comparisons, but that we look at actuals and that we can see how we are performing in the current year with six months of information. Sarah noted historically we have provided calendar year actuals but were unable to get that information for this presentation. Bryn Oakleaf noted that receiving quarterly data is an opportunity for improvement.

Bryn Oakleaf questioned if the initial comparison for FY23 shouldn't be FY19, as this was the last full year before Covid. Sarah replied that the FY21 revenue should still be a good indicator for FY23, as we should still have a "Covid bump" in this year. For FY24, there will need to be an adjustment for whatever the post-pandemic market looks like. However, when looking at material management and supply, this is where a comparison from FY21 to FY23 is not an ideal match. Further conversation around the cost of materials management was facilitated by Sarah as Paul Ruess noted a budget surplus of \$787,000 in FY23 and asked what projections there are for next year and assumptions holding up these projections. Josh Tyer responded that this 20% increase in materials management and supplies is a result of a 20% increase based on MRF contract negotiation, an increase to MSW disposal by \$10/ton, and \$42,000 increase for managing PGA.

It was noted that this current draft budget assumes:

1. MRF ACR rate is budgeted at \$72.55 with a current ACR at \$130. He noted an \$80 ACR is healthy, a \$90 ACR is good. We saw a 16% decrease in last quarter and have concerns regarding inflation and materials management concerns are the result of an anticipated low ACR in this budget.
2. Solid Waste Management Fee assumption is \$27/ton, which is the same as the current fee.
3. ODF tip fee increases from \$60/ton to \$65/ton
4. MRF tip fee remains at \$80/ton
5. DOC pricing is unchanged

The Committee requested that key assumptions be provided in a narrative and that at the next meeting we start the meeting with revenue projections and goal setting for revenue surpluses.

Discussion was held on:

- *MRF* - bond vote expenses will be included in the Capital Budget, which is about \$40,000-\$50,000.
- *Promotion and Community* increase. Sarah noted this is an audited request to fully fund the Community Clean Up Fund.
- *ODF* volume is falling dramatically because the current FY 22 Budget assumed we would be having a de-packager and be at our desired 5,000 tons. This FY we assumed paying tons at 4,400. The reason behind the budget decrease is that we had peaked out a few years ago with a maximum capacity of 7,000 tons and then Casella opened their de-packager facility, and they took about half of that material to their facility. We've seen growth in other haulers and tonnage from DOC's, but because we had Casella bringing a large portion and no longer does. Our three-year projection does show an increase to get back to where we would like to be.
- *Surplus* - Discussion was held on consideration of having a full board level discussion on how to budget in advance of the huge capital initiatives. The reserve funds were discussed and whether CSWD has too much or too little in the reserves. Committee members discussed varying points of too little, or too much cash, on hand. It was noted that there is \$6,000,000 in reserves and about \$450,000 for further capital in FY23. This will be discussed during the Capital Budget. Budget assumptions will be further

reviewed that will affect the bottom line. Comments included putting additional money away prior to the capital project versus this is a project that should be brought forward to the voters of Chittenden County for a bond vote and should not be incrementally funded through budgeting for a surplus. Discussion was held on the waterfall approach and how that might benefit future capital projects.

- *Biosolids contract* – ends 1/31/2024 and will bid this out. This is a \$5 million contract that members pay and is a pass through. Next year we'll go through the actual bidding process. CSWD charges \$4.90/ton to manage the biosolids contracts and do they need us to manage that. All but South Burlington does want us to manage that contract. This is a good wrap up discussion with the budget process and should be discussed at the last meeting or at the Executive Board level.

Discussion was held on the capital budget and the request for further information to be able to discuss the details of the capital budget and that a narrative for the numbers be provided.

- *MRF* – Discussion was held on the \$2.2 million for the MRF projects with a new MRF being budgeted. The new MRF may not be built until FY25 or FY26. This is the work required to keep the current MRF operating. Some of those costs will decrease but will not completely go away. Additionally, Leslie notes that she finds the contingency is completely inadequate (\$50,000) and thinks it should be 10-12% of the overall capital budget. Josh notes that each project has a 15% contingency built in, and the \$50,000 contingency in question functions as a catch-all per project.
- *Depot/Rover* – conversation was held on replacing the truck while limiting the services provided by the Rover and the Depot feels much less customer friendly. It was requested that the topic of the Environmental Depot be bought up to the Executive Board. It was noted that the Rover has been slated for replacement for quite a while and that the Rover is also used to move paint throughout Chittenden County. Last year was the third highest level in the facility's history. Staff appreciate the appointment system. Appreciation of the Depot appointment system was noted. Discussion was held on customers that don't have vehicles and providing local access for those customers.
- *Administrative Building* - budgeted at \$2.4 million in relation to construction costs and material. The proposed building size is 8,000 sq ft. The architect will include good, better, or best scenarios. Indications from them was that \$1.8 million was low for a number of reasons. A breakout of permitting, design, site work, in a narrative would be helpful. It was noted that this discussion was held at the full board meeting to move forward with the architect and further information will go back to the full board. Discussion was held on whether there is a cheaper alternative with a building that is already exists. It was noted that a building is a 50-year asset and will we pay for a 50-year asset upfront. It was noted that the \$2.4 million is a placeholder.

Discussion was held on the function of the finance committee in relation to the capital projects versus information going to the full board for further detailed discussion. It was noted that contingency is budgeted at 15% in each project and the \$50,000 contingency is for additional upgrades that are not anticipated.

It was requested that there would be a revised capital budget that would include two scenarios, one with bond financing and one without and that further detail be included related to those two scenarios. It was requested that further detail be communicated to the Committee. This budget assumes the current situation and the current expected needs for the MRF as it stands today.

Based on time, it was requested that the capital assumptions review be included next week, and that Executive Session be held next meeting regarding the MRF contract.

Agenda #5. FY22 Q1 & Q2 Income Statement – A request for totals be included across the columns and a budget variance be included. It was asked whether we do a rolling full year forecast or a quarterly basis. It was noted that we used to get a form of budget variance. Discussion was held on being able to provide the regular financials and will make sure that this will happen in the future and an explanation on seasonality can be included with the reports. Having that information will help guide budgeting for this next coming year. It is requested that this be provided for the next meeting. The excel spreadsheet will be sent to the committee.

Agenda #6. Other Business - No discussion was held.

Agenda #7. Adjourn. Motion by Bryn Oakleaf, SECOND by Tim Loucks, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 7 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 3/29/2022 meeting held via Zoom.

Amy Jewell, Secretary