

CHITTENDEN SOLID WASTE DISTRICT
Finance Committee Meeting
MEETING INSTRUCTIONS
FOR THE PUBLIC- remote access

Date: Wednesday, March 15, 2023
Time: 5:30 P.M. or just following the Investment Committee Meeting
Place: ZOOM MEETING

IMPORTANT:

CSWD will hold a virtual meeting accessible by computer or phone.

Members of the public, joining the meeting remotely, are asked to preregister online using the link below and attend remotely by computer or telephone. Following the meeting a recording will be available upon request.

Register in advance for this webinar:

You are invited to a Zoom webinar.
When: Mar 15, 2023 05:30 PM Eastern Time (US and Canada)
Topic: Finance Committee Meeting

Register in advance for this webinar:
https://us02web.zoom.us/webinar/register/WN_x0XyuxR7Q-mymB-TdJoKmA

After registering, you will receive a confirmation email containing information about joining the webinar.

For those without internet access, call 802-872-8100 ext. 213 and leave a message to register for the meeting. A call- in number will be provided to you prior to the meeting.

Participants will be in listen only mode. Call in controls include: *6 – toggle mute/unmute and *9 to raise your hand.



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TO: Finance Committee
FROM: Nola Ricci, Director of Finance
DATE: Friday, March 10, 2023
RE: **FINANCE COMMITTEE MEETING**

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DATE:	Wednesday, March 15, 2023
TIME:	5:30 P.M. or just following the Investment Committee Meeting
PLACE:	Zoom Meeting

MEETING AGENDA

1. Agenda
2. Public Comment Period
3. (E) Consent Agenda – Minutes from February 1, 2023
4. (E) FY 23 Quarter 2 Update
5. Other Business
6. Adjourn

DRAFT

**CHITTENDEN SOLID WASTE DISTRICT – Administrative Office
FINANCE COMMITTEE MINUTES
Zoom Meeting
Tuesday, February 1, 2023 – 5:00 p.m.**

FINANCE COMMITTEE PRESENT:
Other Board members present:

Leslie Nulty, Paul Stabler, Rick McCraw
Paul Ruess, Ken Spencer

CSWD STAFF PRESENT:

Nola Ricci, Sarah Reeves, Amy Jewell, Jen Holliday,
Josh Estey, Josh Tyler, Dan Goossen,

AGENDA ITEM:

1. Agenda
2. Public Comment Period
3. Consent Agenda Draft Minutes – January 24, 2023
4. Budget Revisions
 - a. FY 24 Self-funding Rollup
 - b. FY 24 Operations Rollup
 - c. FY 24 Administrative Rollup
5. *Executive Session – Added During Meeting*
6. Other Business
7. Adjourn

Leslie Nulty called the meeting to order at 5:02 p.m.

Agenda # 1. Change the Agenda to include an Executive Session to discuss contractual issues related to the MRF. Motion by P. Stabler, Second to R. McCraw to accept the revised Agenda. All Ayes. Motion Carried.

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

Agenda #3. Consent Agenda – Consent Agenda was accepted with a correction to the section regarding Paul Ruess commenting on the solid waste management fee. All Ayes, 01.24.23 minutes accepted with amendments.

Agenda #4.

A) FY 24 Self-funding Rollup – Brief discussion in which staff notes that no significant changes were made to this budget. Josh T. said that here is a change in the CPI calculation for Biosolids and that has been corrected. He noted it was a passthrough so doesn't affect the budget totals. No further discussion was held.

B) FY 24 Operations Rollup – L. Nulty asked if there were material changes from what was presented when the municipal budget. N. Ricci noted no material changes and clarified that any changes seen in the rollup today from the initial budget presentation were already discussed during each individual program budget discussion. For example, the ODF budget

seems very different to the initial presentation, but all changes made were noted in the Finance Committee's discussion of that budget.

J. Tyler noted that there is a change in the DOC Tipping fee, which is a result of a glitch in our software and is roughly \$100,000 too high. This will be corrected before presenting to the Board.

Discussion was held on the proposed increased bag fee presented in the budget, compared to raising the Solid Waste Management Fee. Additionally, supplementing a small increase of the bag fee with a raised SWMF rate was also discussed.

- Question on whether the proposed DOC bag fees cover the entire DOC budget, including all materials management and salaries and wages. J. Tyler answered that the bag fees would cover the DOC fees and would leave a small revenue for capital.
- Solid waste management fees associated with the DOC's historically were in place to cover special waste materials not covered by the haulers. This was done to not compete unfairly with the haulers by affecting the price of hauling trash.
- Staff noted that CSWD's most recent household survey showed that 22% of Chittenden County use the DOC's on a regular basis and 87% of Chittenden county residents use the DOC's for special wastes. There would be an option to leave bag fees and raise fees on these special materials.
- The Committee notes that if the solid waste management fee is increased that increase goes to the hauler, who would then most likely pass that cost onto their customers. Therefore, adjusting the cost of the SWMF would place more of a burden on community members that haul trash vs those that use the DOCs.
- Staff note that an increase in the SWM fee would be an ordinance changes.
- Clarification was offered in that a change in the solid waste management fee and bag pricing wouldn't change the total revenue but is rather a re-allocation of the tipping fees.
- An observation was made that it is less expensive to self-haul to a Drop-Off Center, even with gas and wear and tear on a vehicle. That may be an argument to raise the bag fees.
- Discussion was held on presenting two options for the Board to discuss during the budget approval process, or to acknowledge that staff has made a recommendation and provide information to the Board on why the alternative proposal is not being recommended at this time.
 - o That information to the Board should include a clear breakdown of the specific material costs that we provide versus the materials that haulers pick up curbside.
 - o J. Tyler did state that we have that information in our POS system but that staff are looking at further analysis for fee increases so we can have a better/truer cost.
 - o Noting difficulties in finding the true cost, J. Tyler noted that some materials are handled but then end up going through EPR or some are packaged up, brought to the Depot and are disposed through that program.
- Overall, the Committee recommended that staff presentation to the Full Board clearly show the implications of raising the solid waste management fee versus the proposed bag price increase and to include those specific material costs for special waste material not handled by haulers.

C.) FY 24 Administrative Rollup – No discussion was held.

Agenda #5. Executive Session

MOTION by Paul Stabler, Second by Rick McCraw, that the Finance Committee of the Chittenden Solid Waste District go into Executive Session to discuss contractual issues related to the MRF, where premature general public knowledge would clearly place the District, its member municipalities, and other public bodies or persons involved at a substantial disadvantage and to permit authorized staff, other invited interested parties, and the Solid Waste District attorney to be present for this session.

The Committee entered Executive Session at 5:50 p.m.

Motion by P. Stabler, Second by R. McCraw to adjourn Executive Session and reconvene the meeting. Motion Carried.

The meeting was reconvened at 6:43 p.m.

Agenda #6. Adjourn. Motion by P. Stabler, SECOND by R. McGraw to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 6:45 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

To: Board of Commissioners
From: Nola Ricci, Director of Finance
Date: March 9, 2023
RE: Fiscal Year 2023 July-December Financials (Q2)

In Fiscal Year 2023, Managers are working to divide their budgets month-to-month rather than spread expenses across the total annual budget to better reflect actual or anticipated spends. This is helping Management continue to improve our processes and provide a more realistic budget to actual performance each quarter. As we analyze and compare budget to actual throughout the fiscal year, we will consider modifying the quarterly view of the budget to become more aligned with monthly expectations. There will always be some discrepancy in variance reporting, as not all activities occur within the expected month and not all invoices (payables) are received in a timely fashion. CSWD's practice is to pay invoices within 15 days of receipt upon confirmation of the budget manager. Our policy states that we pay net30.

SOURCE OF REVENUE REVIEW

Revenue for Chittenden Solid Waste District is derived from three primary and several ancillary sources. The largest source of income is Tipping Fees, named for when haulers literally tip their material out of their trucks at the Material Recovery Facility or the Organics Diversion Facility. Tip fees also encompass fees paid by customers for the material collected and managed at the Drop Off Centers. We have begun to segregate revenue associated with Special Waste (tires, construction, scrap metal, textiles) and internally report it as a subset of DOC tipping fees to better highlight tip fees from "everyday" materials like bagged trash, recycling, and food scraps. This will aid us in our analysis of DOC fees to ensure that we are covering the operating and capital costs of the program through the fees generated.

Another significant source of income is from the Solid Waste Management Fee. As established by the Solid Waste Management Ordinance the Chittenden Solid Waste District imposes a fee of \$27/ton on trash generated in Chittenden County and disposed at the landfill in Coventry. This revenue supports District administrative functions as well as supporting, and at times subsidizing, the costs of regulating, licensing and enforcing the permissible management of solid waste within the district.

A third primary source of income is through the Sale of Material which includes MRF sorted recycled material, compost and compost products, and recycled paint as associated with our

inventory. Other materials sold include scrap metal, batteries, bins and containers and other miscellaneous material.

Additional ancillary revenue sources are generated through the contracted management of biosolids, license fees, hazardous waste collection, rent, product stewardship reimbursements, grants and interest as generated through cash management.

Q2 HIGHLIGHTS

Revenue

Based on the actual net income from the first and second quarter of fiscal year 2023, CSWD is meeting budgetary goals. Income is currently keeping pace with expectations. Recycled material sales are budgeted monthly at the expected average commodity revenue (ACR). By the end of the second quarter, sales were exceeding the budget at 100.59%. Throughout the year, the ACR fluctuates with market demand and routinely begins to decrease by the second quarter, before picking up again mid-way into Q3.

Expenses

Expenses are costs associated with the operation, communication, and administration of CSWD.

Cost of Goods Sold are commodities directly related to the sale of material from recycled material, compost, paint and bins & containers (an example is the sand we purchase to add to our compost to produce topsoil). Often these materials are purchased in advance of sales and held at their corresponding facility. At the end of each fiscal year these sellable items are counted and included in the inventory totals as listed on the balance sheet. At the end of fiscal year 2022, CSWD had just over \$400k in material held for sale. As seasonal production winds down and inventory continues to be available, CSWD typically sees a reduction in the purchases of cost of good sold as inventory already available for sale is used in place of new purchases. Quarters 1 and 2 did see a reduction of cost of goods purchased, and the expenses associated with these sellable materials was around 82% of the expected budget.

Payroll Expenses include both wages and benefits paid to staff. At the end of Q2 payroll expenses were as expected. Travel & Training, Administrative Costs, Professional Fees, Supplies, and Promotion & Education are all under the expected value by approximately 50%. Promotion & Education is expected to increase in the last fiscal quarter. Community Support is

significantly under budget, but this typically sees seasonal increases in the fourth quarter of the fiscal year.

Balance Sheet

The Balance Sheet includes CSWD Assets, Liabilities and Equity.

Cash & Cash Equivalents include monies in checking and money market accounts. These are currently in excess of our daily operational needs and may be available for short-term investments. Finance staff is conducting a cash needs analysis to provide the Investment Committee with additional information regarding short-term investments. CSWD staff encourages Commissioners interested in this topic attend Investment Committee meetings.

Accounts Receivable are monies outstanding on account by customers and expected to be received within 60 days. Thanks to the efforts of our Accounts Receivable Specialist, delinquent accounts are not ordinary, and most customers pay within 30 days. Other current assets include prepaid expenses (costs paid in advance), inventory (as discussed above), and the security deposit. The Paint Depot has completed their transition back into the Environmental Depot building and we have received the return of the security deposit.

Fixed Assets include both assets in use and those in progress (or under construction).

Current Liabilities are costs to be paid within one year, most include those associated with bills, payroll taxes, benefits due, and sales tax. Post Closure Payable-Current, the amount expected to be due to the Closed Landfill within the year, will be adjusted upon discussion with the auditors. Unearned Revenue is primarily the amount received for the MOU with the City of Burlington. As some of the funds were issued as income in previous years (approximately \$34,000), we expect this to be adjusted upon discussion with the auditors.

Long Term Liabilities include any liability whose due date exceeds one year, including the Post Closure noncurrent Payable and Compensated Absences Payable (CAP). The CAP is a calculation of paid time off that is available for use now or in future fiscal years.

Equity includes the balances of our Reserve accounts and our Investment in Capital Assets. As presented to the Board in previous meetings, the Landfill Post Closure Reserve and Biosolids



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Reserve have been redesignated as Restricted Funds. With the exception of the Undesignated Fund, all other reserves are designated and not restricted.

CSWD continues to practice within the approved budget and maintains a positive going concern by preserving the resources needed to continue operating. Cash & Cash Equivalents remain in excess of current liabilities. Reserve accounts are designated appropriately to secure future financing needs.

Chittenden Solid Waste District

Balance Sheet

FY23 Q2

	As of Dec 2022	As of Jun 2022	Variance	% Variance
ASSETS				
Current Assets				
Cash & Cash Equivalent	\$15,290,588.57	\$15,371,019.64	(\$80,431.07)	-0.52%
Accounts Receivable	\$1,468,424.80	\$1,962,949.71	(\$494,524.91)	-25.19%
Other Current Asset				
Undeposited Funds	\$9.38	\$0.00	\$9.38	0.00%
Prepaid Expenses	\$62,788.53	\$76,325.08	(\$13,536.55)	-17.74%
Inventory	\$404,233.63	\$404,233.63	\$0.00	0.00%
Security Deposit	\$0.00	\$2,000.00	(\$2,000.00)	-100.00%
Total Other Current Asset	\$467,031.54	\$482,558.71	(\$15,527.17)	-3.22%
Total Current Assets	\$17,226,044.91	\$17,816,528.06	(\$590,483.15)	-3.31%
Fixed Assets				
Capital Assets	\$26,472,767.63	\$26,472,767.63	\$0.00	0.00%
Accumulated Depreciation	(\$13,109,820.09)	(\$13,109,820.09)	\$0.00	0.00%
Total Capital Assets	\$13,362,947.54	\$13,362,947.54	\$0.00	0.00%
Capital Assets in Progress	\$2,358,285.05	\$313,939.62	\$2,044,345.43	651.19%
Total Fixed Assets	\$15,721,232.59	\$13,676,887.16	\$2,044,345.43	14.95%
Total ASSETS	\$32,947,277.50	\$31,493,415.22	\$1,453,862.28	4.62%
Liabilities & Equity				
Current Liabilities				
Accounts Payable	\$332,441.13	\$532,327.60	(\$199,886.47)	-37.55%
Credit Card	\$11,842.69	\$4,203.88	\$7,638.81	181.71%
Paint Care Fees	\$80.34	\$0.00	\$80.34	0.00%
Accrued Taxes	\$41.99	\$4,507.77	(\$4,465.78)	-99.07%
Accrued Benefits	\$689.28	\$13,121.95	(\$12,432.67)	-94.75%
Accrued Expenses	\$18,382.43	\$108,224.11	(\$89,841.68)	-83.01%
Post Closure Payable - current	\$209,150.58	\$209,150.58	\$0.00	0.00%
Unearned Revenue	\$68,453.84	\$64,726.84	\$3,727.00	5.76%
Total Current Liabilities	\$641,082.28	\$936,262.73	(\$295,180.45)	-31.53%
Long Term Liabilities				
Post Closure Payable - noncurrent	\$244,384.37	\$244,384.37	\$0.00	0.00%
Compensated Absences Payable	\$319,099.14	\$319,099.14	\$0.00	0.00%
Total Long Term Liabilities	\$563,483.51	\$563,483.51	\$0.00	0.00%
Equity				
Investment in Capital Assets	\$13,362,947.54	\$13,362,947.54	\$0.00	0.00%
Facilities Closure Reserve	\$1,464,178.31	\$1,464,178.31	\$0.00	0.00%
Solid Waste Management Reserve	\$1,000,000.00	\$1,000,000.00	\$0.00	0.00%
Operating Reserve	\$1,750,000.00	\$1,750,000.00	\$0.00	0.00%
Designated for Capital	\$10,490,751.09	\$10,490,751.09	\$0.00	0.00%
Restricted Reserves				
Landfill Post Closure Reserve	\$541,943.36	\$541,943.36	\$0.00	0.00%
Biosolids Reserve	\$288,848.68	\$288,848.68	\$0.00	0.00%
Total Restricted Reserves	\$830,792.04	\$830,792.04	\$0.00	0.00%
Community Cleanup Reserve	\$89,414.87	\$95,000.00	(\$5,585.13)	-5.88%
Undesignated	\$1,000,000.00	\$1,000,000.00	\$0.00	0.00%
Prior Year Adjustment	(\$1,361.73)	\$0.00	(\$1,361.73)	0.00%
Net Income	\$1,755,989.59	\$0.00	\$1,755,989.59	0.00%
Total Equity	\$31,742,711.71	\$29,993,668.98	\$1,749,042.73	5.83%
Total Liabilities & Equity	\$32,947,277.50	\$31,493,415.22	\$1,453,862.28	4.62%

Chittenden Solid Waste District

Budget vs. Actual

FY23 Q1

	Amount	Budget Amount	Amount Over Budget	% of Budget
Income				
Tipping Fees	\$3,063,798.65	\$3,156,540.25	(\$92,741.60)	97.06%
Special Materials	\$43,760.99	\$29,250.00	\$14,510.99	149.61%
Hazardous Waste	\$49,416.57	\$34,000.02	\$15,416.55	145.34%
Biosolids	\$665,087.93	\$639,718.50	\$25,369.43	103.97%
Solid Waste Management	\$1,816,306.96	\$1,690,875.00	\$125,431.96	107.42%
Sale of Materials	\$1,067,219.17	\$1,151,633.17	(\$84,414.00)	92.67%
License Fees, Fines & Penalties	\$14,852.80	\$14,910.00	(\$57.20)	99.62%
Rents	\$36,000.00	\$35,700.00	\$300.00	100.84%
Product Stewardship & Reimbursements	\$82,205.67	\$95,349.98	(\$13,144.31)	86.21%
Interest & Dividends	\$45,805.24	\$1,000.02	\$44,805.22	4,580.43%
Equipment Sale/Trade In	\$4,765.98	\$0.00	\$4,765.98	0.00%
Other Income	\$46.17	\$0.00	\$46.17	0.00%
Total - Income	\$6,889,266.13	\$6,848,976.94	\$40,289.19	100.59%
Cost of Goods Sold				
Organics Cost of Goods Sold	\$70,622.80	\$78,224.44	(\$7,601.64)	90.28%
Bins & Containers	\$0.00	\$9,733.50	(\$9,733.50)	0.00%
Paint	\$12,695.00	\$14,000.00	(\$1,305.00)	90.68%
Total - Cost Of Goods Sold	\$83,317.80	\$101,957.94	(\$18,640.14)	81.72%
Gross Profit	\$6,805,948.33	\$6,747,019.00	\$58,929.33	100.87%
Expense				
Salaries & Wages	\$1,590,466.78	\$1,676,151.91	(\$85,685.13)	94.89%
Benefits	\$574,685.11	\$664,084.81	(\$89,399.70)	86.54%
Total Payroll Expenses	\$2,165,151.89	\$2,340,236.72	(\$175,084.83)	92.52%
Travel & Training	\$22,675.48	\$56,337.57	(\$33,662.09)	40.25%
Administrative Costs	\$15,410.86	\$62,990.23	(\$47,579.37)	24.47%
Professional Fees	\$58,501.14	\$216,410.81	(\$157,909.67)	27.03%
Equipment & Fleet	\$315,193.67	\$399,857.55	(\$84,663.88)	78.83%
Supplies	\$27,890.85	\$69,361.52	(\$41,470.67)	40.21%
Materials Management	\$2,170,785.39	\$3,088,947.39	(\$918,162.00)	70.28%
Property Management	\$261,015.02	\$252,766.75	\$8,248.27	103.26%
Promotion & Education	\$12,831.19	\$129,900.98	(\$117,069.79)	9.88%
Community Support	\$6,088.38	\$49,424.98	(\$43,336.60)	12.32%
Maintenance Allocations to Departments	\$256,205.70	\$337,379.41	(\$81,173.71)	75.94%
Total - Expense	\$5,311,749.57	\$7,003,613.91	(\$1,691,864.34)	75.84%
Net Ordinary Income	\$1,494,198.76	(\$256,594.91)	\$1,750,793.67	-582.32%
Other Income and Expenses				
Maintenance Expense Distributed	\$256,205.70	\$0.00	\$256,205.70	0.00%
Community Clean Up Reserve Transfer	(\$5,585.13)	\$0.00	(\$5,585.13)	0.00%
Net Other Income	\$261,790.83	\$0.00	\$261,790.83	0.00%
Net Income	\$1,755,989.59	(\$256,594.91)	\$2,012,584.50	-684.34%