

**MEMORANDUM**

**TO:** Finance Committee  
**FROM:** Sarah Reeves  
**DATE:** May 6, 2020  
**RE:** Budget Cuts and Revised Revenue Estimates, FY 2021

Before the COVID-19 state of emergency was declared, the Finance Committee was able to review most of the draft budgets for FY 2021. Individual program revenue projections were part of each revenue-generating budget. Due to the expected lingering economic stress expected in Chittenden County as we move into the new fiscal year, I asked budget managers to review their budgets and propose cuts to the budgets already reviewed by the Finance Committee, and to revise down revenue projections.

<b>PROGRAM EXPENSES</b>	<b>PRE-COVID FY21 BUDGET</b>	<b>INITIAL CUT</b>	<b>PERCENT</b>
Admin	\$925,049	\$22,973	2.5%
Finance	\$416,665	\$1,050	0.3%
O&C	\$974,742	\$168,897	17.3%
Special Projects	\$136,324	\$22,376	16.4%
Engineering	\$94,112	\$7,205	7.7%
Compliance	\$159,918	\$9,000	5.6%
Environmental Depot	\$730,516	\$18,667	2.6%
Paint	\$227,560	\$6,537	2.9%
DOCs	\$3,070,235	\$90,522	2.9%
Organics	\$844,447	\$56,383	6.7%
MRF	\$3,623,110	\$6,000	0.2%
Property Management	\$71,349	\$0	0.0%
Maintenance	Budget charged out	\$4,600	0.7%
<i>Reductions</i>		\$414,210	3.7%
<b>TOTAL EXPENSES</b>	<b>\$11,274,026</b>	<b>\$10,859,816</b>	

<b>FUNDED FROM RESERVE FUNDS OR PASS-THROUGH</b>	
Biosolids	\$1,114,066
Closed Landfill	\$83,496
Capital	\$1,894,350
<i>Adjusted Capital Budget</i>	<i>\$1,479,350</i>

<b>ESTIMATED REVENUES</b>	<b>Pre-COVID FY21 Revenue Projections</b>	<b>Proposed FY21</b>
SWMF	\$3,452,625	\$2,575,125
Finance	\$30,000	\$30,000
O&C	\$21,293	\$21,293
Compliance	\$14,880	\$14,880
Environmental Depot	\$266,820	\$266,820
Paint	\$277,032	\$277,032
DOCs	\$2,854,822	\$2,655,221
<i>*Organics</i>	\$835,997	\$750,476
MRF	\$4,336,125	\$4,336,125
Property Management	\$88,200	\$88,200
<b>TOTAL ESTIMATED REVENUES</b>	<b>\$12,177,794</b>	<b>\$11,015,172</b>

\*The organics "revenue" estimate shown is gross profit (Revenue – Cost of Goods Sold = Gross Profit)

Many of CSWD's expenses are fixed and are in direct relation to the number of facilities we operate. Major cuts were made to the capital budget, as well as to the Outreach & Communications budget. I am proposing not filling a recent vacancy, and as other anticipated vacancies occur will consider not filling those positions as well. Proposed in the FY 2021 budget is a new position in the IT Department. Because this position is critical to shoring up the Department and to succession planning, I'm recommending keeping this new position in the budget. However, we will delay hiring as long as possible so that we can match the hire to the District's financial situation and outlook.

Among other cuts, conference travel by and large, and particularly by plane, has been eliminated. Trainings have been severely curtailed to the basic minimum as required by VOSHA and to support specific urgent needs. Grants, bin subsidies, subscriptions, and some memberships are eliminated. Some projects requiring consultants have been eliminated, curtailed, or moved to outer years.

Other reductions to expenses are directly related to COVID-19 effects and aftershocks, such as a projected decrease in the amount of food scraps inbound to the Organics Diversion Facility. We are projecting a significant drop in tonnage, which will result in NOT having to ship excess material to Maine.

The largest drop in revenue is the solid waste management fee (discussed in detail in a separate memo). These initial cuts bring us in under projected revenues, however it's a very tight budget. I understand that as the near future unfolds, we may need to make much harder choices.